

TEXAS

Albert A. Allison, Corsicana.

VERMONT

Maude E. Boucher, Derby.

WASHINGTON

Marvin G. Elwell, Dayton.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO AIR CORPS

Second Lt. John Earl Atkinson.

Second Lt. David Christy Warwick.

PROMOTIONS IN THE REGULAR ARMY

Earl Thomas McCullough et al., for promotion in the Regular Army of the United States.

(NOTE.—A full list of the names of the persons whose nominations for promotion in the Regular Army were confirmed today may be found in the Senate proceedings of the CONGRESSIONAL RECORD for December 3, 1942, under the caption "Nominations," beginning on p. 9283 with the name of Maj. Earl Thomas McCullough and ending on p. 9292 with the name of John Joseph McDonnell.)

APPOINTMENT FOR TEMPORARY SERVICE IN THE NAVY

George H. Fort to be a rear admiral for temporary service, to rank from May 16, 1942.

SENATE

MONDAY, DECEMBER 7, 1942

(Legislative day of Monday, November 30, 1942)

The Senate met at 12 o'clock noon, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

God of the Free, on this national anniversary of infamy and perfidy we come asking that Thy everlasting mercy may cleanse our hearts of the poison of hatred and may take from our lips harsh cries for vengeance. On this day of shocked and painful memory we would turn our gaze to One who, betrayed by a mocking kiss, cried out from a cruel cross, "Father, forgive them! They know not what they do." In the new world which even now we see rising from the ashes of ancient towns—a world in which man is more than mammon and persons more than profits—we picture a place of constructive service to the common good for those whom today we call foes—the peoples who have been deluded by false lights and futile hopes.

On this fateful December date we register a new vow in high heaven that we will never falter, never desist, never compromise, never sheathe our righteous sword, until this torn and tortured world is made safe for decency, truth, honor, and the pledged word. Out of the broken bodies, the blasted ships, and the golden stars which since glow in the blue of our banners, we thank Thee for the new national unity, the grim purpose to close ranks, as there sounded out a trumpet that shall never know retreat. Steel and strengthen our hearts and minds for new Calvaries which yet loom ahead, the self-denials, the perils and the losses which will tear our hearts and smite our

hearths before tyranny is dead. With deep repentance for our own sins, bring us to a united victory which shall make all men free. Amen.

NAMING OF PRESIDING OFFICER

The Secretary (Edwin A. Halsey) read the following letter:

UNITED STATES SENATE,

PRESIDENT PRO TEMPORE,

Washington, D. C., December 7, 1942.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. SCOTT W. LUCAS, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

CARTER GLASS,

President pro tempore.

Mr. LUCAS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. BARKLEY. I ask unanimous consent that the Journal of the proceedings of the last session of the Senate be approved without reading.

Mr. CLARK of Missouri. Reserving the right to object, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	O'Mahoney
Andrews	Green	Radcliffe
Austin	Guffey	Reed
Bailey	Gurney	Russell
Barbour	Herring	Schwartz
Barkley	Hill	Shipstead
Brewster	Johnson, Calif.	Shott
Brooks	Johnson, Colo.	Spencer
Brown	Langer	Stewart
Bulow	Lee	Thomas, Idaho
Burton	Lodge	Thomas, Okla.
Byrd	Lucas	Tobey
Capper	McCarran	Tunnell
Caraway	McNary	Vandenberg
Chavez	Maloney	Van Nuys
Clark, Idaho	Maybank	Wagner
Clark, Mo.	Mead	Walsh
Connally	Millikin	Wheeler
Danaher	Murdock	White
Davis	Murray	Wiley
Doxey	Nelson	Willis
Ellender	Nye	
Gerry	O'Daniel	

Mr. HILL. I announce that the Senator from Virginia [Mr. GLASS] and the Senator from Delaware [Mr. HUGHES] are absent from the Senate because of illness.

The Senator from New Jersey [Mr. SMATHERS] is absent because of illness in his family.

The Senator from California [Mr. DOWNEY] and the Senator from Arizona [Mr. McFARLAND] are conducting hearings in Western States for the Special Committee to Investigate Agricultural Labor Shortages.

The Senator from Washington [Mr. BONE] and the Senator from Utah [Mr. THOMAS] are out of the city on important public business.

The Senator from Alabama [Mr. BANKHEAD], the Senator from Mississippi [Mr. BILBO], the Senator from Kentucky [Mr. CHANDLER], the Senator from Georgia [Mr. GEORGE], the Senator from New Mexico [Mr. HATCH], the Senator from Arizona [Mr. HAYDEN], the Senator from Tennessee [Mr. McKELLAR], the Senator from Louisiana [Mr. OVERTON], the Senator from Florida [Mr. PEPPER], the Sen-

ator from South Carolina [Mr. SMITH], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from West Virginia [Mr. KILGORE], the Senator from Missouri [Mr. TRUMAN], and the Senator from Washington [Mr. WALLGREN] are conducting hearings for the Special Committee to Investigate the National Defense Program.

Mr. McNARY. The Senator from New Hampshire [Mr. BRIDGES], and the Senator from Nebraska [Mr. BUTLER] are necessarily absent.

The Senator from Oregon [Mr. HOLMAN] is absent on public business.

The Senator from Ohio [Mr. TAFT] is necessarily absent attending a meeting of the Republican National Committee.

The ACTING PRESIDENT pro tempore. Sixty-seven Senators have answered to their names. A quorum is present.

Without objection, the Journal of the proceedings of the preceding session will stand approved.

MESSAGE FROM THE PRESIDENT—
APPROVAL OF BILLS

A message in writing from the President of the United States was communicated to the Senate by Mr. Miller, one of his secretaries, who also announced that on December 2, 1942, the President had approved and signed the following acts:

S. 2412. An act to provide benefits for the injury, disability, death, or enemy detention of employees of contractors with the United States, and for other purposes; and

S. 2723. An act to amend the Pay Readjustment Act of 1942.

SENATOR FROM NEVADA—CREDENTIALS:
ADMINISTRATION OF OATH

Mr. McCARRAN. Mr. President, I send to the desk the credentials of the newly elected Senator from the State of Nevada, the Honorable JAMES G. SCRUGHAM, and ask that they be read.

The ACTING PRESIDENT pro tempore. The clerk will read.

The legislative clerk read as follows:

STATE OF NEVADA,
EXECUTIVE DEPARTMENT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 3d day of November 1942, JAMES G. SCRUGHAM was duly chosen by the qualified electors of the State of Nevada a Senator from said State to represent said State in the Senate of the United States and to fill the vacancy therein caused by the death of Key Pittman, and that said vacancy was filled by the election of JAMES G. SCRUGHAM as aforesaid, according to law.

In testimony whereof, I have hereunto set my hand and caused the great seal of State to be affixed at Carson City, this 5th day of December, in the year of our Lord 1942.

E. P. CARVILLE,
Governor.

By the Governor:

[SEAL] MALCOLM MCEACHIN,
Secretary of State.

The ACTING PRESIDENT pro tempore. The credentials of the Senator-elect will be placed on file.

Mr. McCARRAN. The Senator-elect is now on the floor of the Senate and ready to take the oath.

The ACTING PRESIDENT pro tempore. If the Senator-elect will present

himself at the desk, the oath of office will be administered to him.

Mr. SCRUGHAM, escorted by Mr. McCARRAN, advanced to the Vice President's desk, and the oath prescribed by law having been administered to him by the Acting President pro tempore, he took his seat in the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated.

RELIEF OF DESTITUTION OF ALASKAN NATIVES

A letter from the Secretary of the Interior, transmitting, pursuant to law, a report covering expenditures from the appropriation "Education of natives of Alaska, 1941-43" for the relief of destitution of natives of Alaska during the fiscal year 1942 (with an accompanying report); to the Committee on Appropriations.

REPORT ON HEALING ARTS PRACTICE ACT, DISTRICT OF COLUMBIA

A letter from the President of the Commission on Licensure Healing Arts Practice Act, District of Columbia, transmitting, pursuant to law, the annual report of the Commission for the fiscal year ended June 30, 1942 (with an accompanying report); to the Committee on the District of Columbia.

PETITIONS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

The petition of Leonard H. Holder, trading as April Showers Co., Washington, D. C. (by Zach Lamar Cobb, attorney for petitioner, Los Angeles, Calif.), praying for a redress of grievances caused by the alleged repudiation in the War Production Board of its written authorization, duly issued and fairly obtained, in connection with the procurement of prefabricated copper tubing intended to be used in the erection of the Dorchester House Apartments (with an appendix); to the Committee on Education and Labor.

By Mr. CAPPER:

A resolution adopted by members of the Woman's Christian Temperance Union, of Marquette, Kans., praying for the prompt enactment of Senate bill 860, to prohibit the sale of alcoholic liquor and to suppress vice in the vicinity of military camps and naval establishments; ordered to lie on the table.

COMMITTEE REPORT FILED DURING RECESS

Under authority of the order of the 4th instant,

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 7788) to amend section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, so as to include farm wages in determining the parity price of agricultural commodities, reported it on December 5, 1942, without amendment and submitted a report (No. 1814) thereon.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RUSSELL, from the Committee on Immigration:

H. R. 6677. A bill for the relief of Ronald Leroy Chen; without amendment (Rept. No. 1815).

By Mr. ELLENDER, from the Committee on Claims:

H. R. 5154. A bill for the relief of the estate of Elmer White; without amendment (Rept. No. 1816);

H. R. 5157. A bill to reimburse F. E. Wester for labor and material used in the emergency construction of buildings and utilities at Civilian Conservation Corps Camp Escanaba; without amendment (Rept. No. 1817);

H. R. 5175. A bill for the relief of Edward Workman; without amendment (Rept. No. 1818);

H. R. 5812. A bill for the relief of William E. Averitt and United States Casualty Co.; with amendments (Rept. No. 1819);

H. R. 6095. A bill for the relief of the estate of Mrs. H. L. Smith, deceased; without amendment (Rept. No. 1820);

H. R. 6179. A bill for the relief of Thomas H. VanNoy; without amendment (Rept. No. 1821);

H. R. 6285. A bill for the relief of Clarence A. Houser and his wife, Mrs. Jewel Houser; without amendment (Rept. No. 1822);

H. R. 6569. A bill for the relief of William M. Miller; without amendment (Rept. No. 1823);

H. R. 7012. A bill for the relief of Litchfield Bros., Aurora, N. C.; without amendment (Rept. No. 1824);

H. R. 7171. A bill for the relief of Mrs. J. C. Tommey; with an amendment (Rept. No. 1825);

H. R. 7185. A bill for the relief of Mrs. James Q. Mattox; without amendment (Rept. No. 1826);

H. R. 7247. A bill for the relief of Silas Frankel; without amendment (Rept. No. 1827);

H. R. 7357. A bill for the relief of Madeleine Flori; with an amendment (Rept. No. 1828); and

H. R. 7587. A bill for the relief of Etta A. Thompson, Marion E. Graham, Irene Morgan, and Alice K. Weber; with an amendment (Rept. No. 1829).

By Mr. MALONEY, from the Committee on Commerce:

H. R. 6729. A bill to authorize the Secretary of Commerce to establish fees or charges for services performed or publications furnished by the Department of Commerce; without amendment (Rept. No. 1830).

BILL INTRODUCED

Mr. RUSSELL introduced a bill (S. 2918) for the relief of Mr. and Mrs. Walter H. Kindon, which was read twice by its title and referred to the Committee on Claims.

LIQUIDATION OF THE WORK PROJECTS ADMINISTRATION—EDITORIAL FROM THE LOUISVILLE COURIER-JOURNAL

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an editorial entitled "The Honorable End of a Noble Experiment," dealing with the liquidation of the Work Projects Administration, published in the Louisville (Ky.) Courier-Journal of December 5, 1942, which appears in the Appendix.]

ADDITION OF FARM LABOR COSTS TO PARITY PRICES—ARTICLE BY PAUL W. WARD

[Mr. BROWN asked and obtained leave to have printed in the RECORD an article dealing with the proposal that farm-labor costs be added to the formula by which parity prices are calculated, written by Paul W. Ward and published in the Baltimore (Md.) Sun of December 6, 1942, which appears in the Appendix.]

POST-WAR ECONOMIC CONTROLS—ARTICLE BY WALTER LIPPMANN

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an article entitled "De-Control," by Walter Lippmann, published in the Washington Post of December 5, 1942, which appears in the Appendix.]

THE BEVERIDGE PLAN—ARTICLES BY HAROLD J. LASKI AND HARRY CALLENDER

[Mr. WAGNER asked and obtained leave to have printed in the RECORD an analysis of the Beveridge plan by Harold J. Laski, published in the New York Times of December 6, 1942, and also an article by Harold Calender dealing with the same matter, which appear in the Appendix.]

BLUE STAR MOTHERS OF AMERICA—ARTICLE FROM CLEVELAND PLAIN DEALER

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an article from the Cleveland Plain Dealer of December 6, 1942, entitled "Blue Star Lounge Open to Guests Tomorrow," which appears in the Appendix.]

AGREEMENTS AMONG UNITED NATIONS ON POST-WAR COMMITMENTS AND OBJECTIVES

[Mr. HILL asked and obtained leave to have printed in the RECORD an editorial dealing with more definite agreements among the United Nations on post-war commitments and objectives, published in the Birmingham (Ala.) Age-Herald of December 4, 1942, which appears in the Appendix.]

PROPOSED EXTENSION OF WAR-RISK INSURANCE TO WAR CORRESPONDENTS

[Mr. HILL asked and obtained leave to have printed in the RECORD an article dealing with the subject of extension of special protection of war-risk insurance to war correspondents, written by W. E. Daniel and published in the Messenger and Inquirer, of Owensboro, Ky., November 21, 1942, which appears in the Appendix.]

WIN THE PEACE WHILE WINNING THE WAR—STATEMENT BY A. D. QUAINANCE

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD a statement entitled "Win the Peace While Winning the War," by A. D. Quainance, of Denver, Colo., which appears in the Appendix.]

SETTLEMENT OF CLAIMS AGAINST MEXICO—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2528) to provide for the settlement of certain claims of the Government of the United States on behalf of American nationals against the Government of Mexico.

Mr. CLARK of Missouri obtained the floor.

Mr. CLARK of Idaho. Will the Senator yield?

The ACTING PRESIDENT pro tempore. The question is on the motion—

Mr. CLARK of Missouri. I suggest the absence of a quorum, before the question is stated. Business has been transacted since the last call.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Brown	Clark, Mo.
Andrews	Bulow	Connally
Austin	Burton	Danaher
Bailey	Byrd	Davis
Barbour	Capper	Doxey
Barkley	Caraway	Ellender
Brewster	Chavez	Gerry
Brooks	Clark, Idaho	Gillette

Green	Mead	Spencer
Guffey	Millikin	Stewart
Gurney	Murdock	Thomas, Idaho
Herring	Murray	Thomas, Okla.
Hill	Nelson	Tobey
Johnson, Calif.	Nye	Tunnell
Johnson, Colo.	O'Daniel	Vandenberg
Langer	O'Mahoney	Van Nuys
Lee	Radcliffe	Wagner
Lodge	Reed	Walsh
Lucas	Russell	Wheeler
McCarran	Schwartz	White
McNary	Scrugham	Willey
Maloney	Shipstead	Willis
Maybank	Shott	

The PRESIDING OFFICER (Mr. SPENCER in the chair). Sixty-eight Senators having answered to their names, a quorum is present.

SENATOR FROM NEW JERSEY— CREDENTIALS

Mr. BARBOUR. I send to the desk the credentials of the newly elected Senator from New Jersey, ALBERT W. HAWKES, and ask that they be read.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

STATE OF NEW JERSEY—CERTIFICATE OF ELECTION

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify, that on November 3, 1942, ALBERT W. HAWKES was duly chosen by the qualified electors of the State of New Jersey a Senator from the said State, to represent the said State in the Senate of the United States for the term of 6 years, beginning on the 3d day of January 1943.

In testimony whereof, the great seal of the State is hereunto affixed.

Witness the hand of His Excellency our Gov. Charles Edison, at Trenton, this 1st day of December A. D. 1942.

CHARLES EDISON, Governor.

By the Governor:

Attest:

[SEAL]

J. A. BROPHY,
Secretary of State.

The PRESIDING OFFICER. The credentials will be placed on file.

COORDINATION OF FEDERAL REPORTING SERVICES

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. MURRAY. I ask that the Chair lay before the Senate a message from the House of Representatives with respect to Senate bill 1666.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1666) to coordinate Federal reporting services, to eliminate duplication and reduce the cost of such services, and to minimize the burdens of furnishing information to Federal agencies.

Mr. MURRAY. I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana.

The motion was agreed to.

Mr. CLARK of Missouri. I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, I make the point of order that the Senator

from Missouri cannot take the Senator from Illinois [Mr. LUCAS] off the floor.

Mr. CLARK of Missouri. Business has been transacted. The motion made by the Senator from Montana [Mr. MURRAY] was agreed to.

Mr. CONNALLY. The Senator from Montana has not claimed the floor, and he is not entitled to the floor after the motion has been disposed of.

The PRESIDING OFFICER. The Chair has the right to appoint the conferees under the motion just agreed to. The Chair appoints as conferees on the part of the Senate on Senate bill 1666 the Senator from Montana [Mr. MURRAY], the Senator from Louisiana [Mr. ELLENDER], the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Ohio [Mr. TAFT], and the Senator from Vermont [Mr. AIKEN].

Mr. CLARK of Missouri. I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	O'Mahoney
Andrews	Green	Radcliffe
Austin	Guffey	Reed
Bailey	Gurney	Russell
Barbour	Herring	Schwartz
Barkley	Hill	Scrugham
Brewster	Johnson, Calif.	Shipstead
Brooks	Johnson, Colo.	Shott
Brown	Langer	Spencer
Bulow	Lee	Stewart
Burton	Lodge	Thomas, Idaho
Byrd	Lucas	Thomas, Okla.
Capper	McCarran	Tobey
Caraway	McNary	Tunnell
Chavez	Maloney	Vandenberg
Clark, Idaho	Maybank	Van Nuys
Clark, Mo.	Mead	Wagner
Connally	Millikin	Walsh
Danaher	Murdock	Wheeler
Davis	Murray	White
Doxey	Nelson	Willey
Ellender	Nye	Willis
Gerry	O'Daniel	

The PRESIDING OFFICER. Sixty-eight Senators having answered to their names, a quorum is present.

ANNIVERSARY OF ATTACK ON PEARL HARBOR

Mr. LUCAS obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. LUCAS. I regret that I cannot yield at this time.

Mr. President, on this anniversary of Japan's infamy, shame, and treachery, America speaks to the liberty-loving people throughout the world with superior force, justice, and conviction.

One year ago this Nation was divided in thought and action, but the sneak attack upon Pearl Harbor left America no alternative. Since that fateful hour no nation so utterly unprepared to fight on every global front has done so much in such a short period of time.

It was interesting to read the newspapers yesterday and learn from Elmer Davis that during the past year America has produced 49,000 war planes, 32,000 tanks, 17,000 antiaircraft guns, and a total of 8,200,000 tons of merchant shipping. Mr. President, this is an example

of production of guns, planes, and tanks which has no equal or parallel; and we have only begun to produce.

Mr. President, America is and always has been a peaceful nation. Following the last war we tried desperately to set up some type of international machinery which would outlaw the evil thing we call war. We were unsuccessful at that time in our attempt to do so. As a result of our determination to stay out of future wars America grew more or less soft prior to Pearl Harbor; and with a full realization of our philosophy of peace the dictators across the sea saw a golden opportunity to cash in on what seemed to be our weakness. But, Mr. President, they failed to realize the latent fighting spirit which exists in the bone and sinew of every American, especially when we are unjustifiably and unduly disturbed, as we were 1 year ago today.

In this conflict we have shown our despicable foes a brand of fighting spirit and a genius in planning which have literally caused the dictators to quake in their murderous and bloody boots; and, we have only begun to fight.

On this anniversary we proudly refer to our triumphs in the Coral Sea, at Midway, in the Solomon Islands, and on the northern coast of Africa. Only a short while ago it was said by some that the Navy was "through" in the Pacific. It was also said that we were losing the war in the Pacific, and that we had no united command. Mr. President, in the humble opinion of the Senator from Illinois, the glorious victories in the Pacific Ocean are a complete answer to those charges. How could we achieve the great victories which we have won in the Pacific if we did not have a united command, if we did not have complete cooperation between the Army, the Navy, and the Air Corps?

Mr. President, based upon the formidable record which has been made I unhesitatingly say that we are winning the war in the Pacific, and that we shall continue to win the war over the treacherous Japs.

The Monday morning quarterbacks who are attempting to outline the strategy of our war efforts in this great global conflict will, in the opinion of the Senator from Illinois, make a greater contribution to the war effort if they will use their gifted talents in trying to unify the home front of America where there seems to be confusion and chaos. Many of them are eligible to join.

With our great and glorious victories by the end of the first year of the war, under such adverse and limited circumstances, I say woe be unto Hitler and his sycophants, woe be unto Mussolini and his satellites, woe be unto Hirohito and his minions, once we are mobilized upon every front.

Mr. President, those wretches of despotism, those despoilers of the church, those murderers of innocent women and children, those blood butchers of Europe and Asia, must be thoroughly and soundly beaten if humanity and freedom are ultimately to spread their benevolent wings over the darkest of nights. This awful war was forced upon us by the

Axis criminals, by those who have jeered and sneered over a period of years at the American way of life, by those who have on many occasions declared that the liberty that you and I enjoy is only a myth. Everyone knows that in order to beat the combination of Axis criminals we shall have to suffer unusual sacrifices in blood, tears, and treasure. The road will be long; but America will find the end to that road. Some day MacArthur will return to the Philippines; some day he will liberate Wainwright and his gallant group of heroic Americans and Filipino Scouts. Some day MacArthur will look at the beaches of Japan, and finally march triumphantly ahead of his men down the streets of Tokyo.

What is true of the men in the Pacific is true of General Eisenhower and his men in Africa today. Some day, Mr. President, they, too, will find the end of that road. Even though it be long and filled with obstacles and many detours, they, along with the men of the other United Nations, will gloriously march down the streets of Rome and Berlin in complete triumph.

It was Samuel Adams, a great American Revolutionary patriot, who said:

He who has the strength to chain down the wolf is a madman if he let him loose without drawing his teeth and paring his nails.

Mr. President, when the adversaries seek to chain and enslave a free people, the tooth-and-nail doctrine expounded by that great philosopher 150 years ago must be applied to the present international outlaws if we are to have a semblance of permanent peace in the future.

So, on this first anniversary of the war, we not only remember Pearl Harbor but we also move forward to vindicate and avenge the unjustifiable attack which on a Sabbath morning was made upon the peaceful islands of Hawaii. We shall avenge every life that was lost. At this hour America pays tribute to every living soldier in every branch of the service. America remembers with deep consecration the brave and heroic boys who have died that liberty might live.

GRANT OF ADDITIONAL POWERS TO THE PRESIDENT

Mr. REED. Mr. President, today I have received a telegram from a very important flour-milling concern in Kansas. I desire to read the telegram at this time, and then shall offer a few remarks upon the subject matter. The Walnut Creek Milling Co., of Great Bend, Kans., sends me the following telegram:

The Office of Price Administration price ceilings have now completely paralyzed our business because we cannot sell flour. The Army is asking for bids on flour today, but we cannot offer because cash wheat today is 5 cents higher than when flour ceilings were established. All other mills in this territory in same position.

Mr. President, Kansas produces more wheat than does any other State. Kansas is the greatest flour-milling State. Today the Nation is threatened with a flour shortage, which means a bread shortage. The telegram I have just read is similar to numerous other telegrams which I have received from other Kansas

millers. I have been visited by millers from Minneapolis, from Missouri, and from Illinois, who have told me the same story; and here and now I want to tell the Senate and the country where the trouble lies.

Last October 2 Congress passed what is known as the price-control bill or the anti-inflation bill. In that bill the Congress plainly directed that in the case of agricultural commodities no maximum or ceiling price should be fixed that did not reflect parity to the producer and allow an equitable margin to the processor. Wheat is the primary product from which flour is milled and bread is baked. The administration—I include in that term the President, the Price Administrator, the Secretary of Agriculture, and Mr. Byrnes, the Director of Economic Stabilization—those administration authorities proceeded plainly to disregard the law. They established a flour ceiling based on 76 percent of the price of wheat. Because the price of wheat has gone up, the millers are unable to buy wheat so they can mill and sell flour, within the price ceiling fixed.

This matter has been the subject of widespread newspaper comment. I offer only a few headlines from representative newspapers, in order to call attention to the seriousness of the situation. The Baltimore Sun of December 5 said:

United States bread shortage is seen.

In the Journal of Commerce of this morning the headline is:

Flour operations reported stopped.

From the Washington Star of Saturday evening the headline is:

Flour sales stalled as Office of Price Administration continues retail price ceilings.

The Washington Post of Saturday morning said:

Flour ceilings seen bringing bread shortage.

Mr. President, if the unlawful rulings of the price authorities continue, the country will face a bread shortage within 30 days. Flour milling operations will be closed down entirely or almost entirely within 30 days. Millers cannot continue to operate under the present circumstances. They are faced by bankruptcy if they continue operations. The people will be faced by a bread shortage if the millers discontinue operations. That is the situation I desire to lay before the Senate and the country.

Mr. President, I wish to discuss the matter from another angle. In the House of Representatives there is presently House bill 7832, which is a successor to House bill 7762. The first bill, the original version, carried a very wide delegation of authority to the President of the United States. It provided that he could set aside any law, tariff ruling, or immigration restriction. The present version is very stingy in its authority as compared with the authority provided by the original version. There is now pending in the Senate, Senate bill 2383, which is a companion measure to the original House bill.

Mr. President, I am opposed to any further extension of power to the President at this time. The President and

his administrators have abused the power which has already been given them. I have described the situation very briefly. The tale in telling would bear much more attention than I have given to it, as how they have abused authority already reposed in them.

Mr. President, lest someone may say, "That is the farm-bloc point of view," let me read from an editorial appearing in the Washington Post of December 5. Of course, it is common knowledge that the Washington Post has no sympathy with the farm bloc. I shall quote only from the middle of a long editorial in which reference was made to the state of opinion and the condition of temper, if I may so say, in the Congress. It is not very good, as everyone knows. The Washington Post said, in part:

We refer to the interpretation of the recently enacted stabilization law. No matter how well turned the Attorney General's explanation, the feeling is rife that the administration pulled "a fast one" in interpreting that statute. Few Members of Congress, we imagine, thought that ceiling prices for the farm would not reflect full parity prices. They should not—

That is the opinion of the Post—

but the point is that the law says they should. None imagined—least of all the pilots of the stabilization bill—that the President would assume the right to authorize a salary ceiling, though the surmise as to the next step has not been falsified. This surmise was that the President intends to use his own administrative ruling as a weapon with which to try to drive through Congress an income ceiling.

Mr. President, those of us from the farm States, who have stood on this floor and elsewhere and told the story of the farmer, have found scant support and little sympathy from the great eastern newspapers. Only when the President proposed to use the administrative ruling which was made on the question of farm prices and apply it to salaries did the great eastern newspapers become exercised.

'Tis sweet to hear the watchdog's honest bark
Bay deep-mouth'd welcome as we draw near home.

The Washington Post has no sympathy with the farmer, but the Washington Post is extremely concerned about those with great incomes. So is my friend David Lawrence, whose United States News I read rather regularly. If I remember correctly, David Lawrence used about this language as applied to some of the administrative interpretations:

They were tricky interpretations made by a tricky administration.

I quote from memory from Mr. Lawrence.

Mr. President, I have discussed the bills to which I have referred with some of my colleagues on the floor. I have not undertaken to canvass the Senate, but I have talked informally with quite a number of Senators as to whether they are willing to grant additional power to the President at this time. I have found no disposition to do so.

I am not serving notice on the majority leader—I wish he were present at the time—I am only giving for his informa-

tion something that may be of advantage in working out a program for the remainder of the session.

I find so many objections in my mind to these bills carrying additional powers that I am quite sure that about 2 days will be required for me to express my objections. As I have discussed these matters with some of my colleagues, two of them said they could think of as many objections as I could, and if it would take me 2 days to express my objections they probably would require the same length of time to express theirs.

I have talked to a number of other Senators who have said that they had many objections but they thought they could state them, possibly, in 1 day, though they also stated that they wanted further time for consideration, and, perhaps they would find more objections which would require more than 1 day to state. I merely want to convey that information to the majority leader for whatever it may be worth in his consideration of a further program for the remainder of the present session.

Mr. President, I desire to refer to one other matter. We changed the Constitution to eliminate what was called the "lame duck" session of Congress. If anyone can tell me the difference between a "lame duck" session meeting, as it used to meet on the first Monday of December and continuing until March 4, when it expired by limitation, and the present "lame duck" session, which began after the last election in November and will expire by limitation on January 3, I should be pleased to have the distinction made. I have sympathy, of course, with the "lame duck" Members; I may be one of them myself some day; but there is no question, Mr. President, that the President of the United States is trying to drive through this "lame duck" session a measure granting him additional power, which I think there is no disposition to give him. Certainly the livestock growers of the West are still concerned about the possibilities of Argentine beef if the President can suspend all tariff rules and all restrictions.

Mr. CONNALLY. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Texas?

Mr. REED. I yield.

Mr. CONNALLY. Most of the restriction in the case of South American beef, particularly Argentine beef, is not really due to tariff duties, but is because of the foot-and-mouth-disease embargo.

Mr. REED. I understand that; the Senator from Texas has stated it correctly. The President could also suspend that regulation.

Mr. CONNALLY. He could not unless Congress authorized him to do so.

Mr. REED. And we are not going to authorize him to do it; at least, I do not think we are going to authorize him to do it.

The feed-grain farmers of the West are concerned about the statement of

Secretary Wickard that there may be brought in from Canada some two or three hundred million bushels of feed grains free of duty if the President has power to suspend the duties. Certainly we have no intention of permitting anything of that kind.

I close with the suggestion that I am unalterably opposed to the bills which grant further and additional powers to the President. He has abused powers that have been given him; he has not showed good faith with the Congress; and if additional powers are needed, the time to give them to him is after consideration by the Seventy-eighth Congress, which will convene on January 3 next.

USE FOR WAR PURPOSES OF SILVER HELD OR OWNED BY THE UNITED STATES—AMENDMENT

Mr. McCARRAN. I ask unanimous consent to submit an amendment in the nature of a substitute for the bill (S. 2768) to authorize the use for war purposes of silver held or owned by the United States, and ask that it be printed in the RECORD.

There being no objection, the amendment in the nature of a substitute intended to be proposed by Mr. McCARRAN to Senate bill 2768, was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amendment (in the nature of a substitute) intended to be proposed by Mr. McCARRAN to the bill (S. 2768) to authorize the use for war purposes of silver held or owned by the United States, viz: In lieu of the language proposed to be inserted by the Committee on Banking and Currency, insert the following:

"That notwithstanding any other provision of law, the President is authorized, through the Secretary of the Treasury, upon the recommendation of the Chairman of the War Production Board, to sell or lease, upon such terms as the Secretary of the Treasury shall deem to be in the best public interest, to any person, partnership, association, or corporation, or any department of the Government, for use strictly in connection with the war effort, including but not limited to the making of munitions of war and the supplying of other industrial needs contributing directly to the war effort, any silver held or owned by the United States: *Provided*, That the price for all silver sold under this act shall not be less than 71.11 cents per fine troy ounce: *Provided further*, That at all times the ownership and the possession of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates heretofore or hereafter issued by the Secretary of the Treasury shall be maintained by the Treasury: *Provided further*, That no silver shall be sold under this act until all current supplies of imported silver and domestically mined silver shall have become reduced to an immediately available aggregate stock of 20,000,000 ounces or less: *Provided further*, That no silver shall be sold under this act for other than consumptive purposes: *And provided further*, That any silver sold or leased under this act which is not actually used in connection with the war effort shall be resold to and purchased by the Treasury at 71.11 cents per fine troy ounce, or, in the case of any silver leased under this act, returned within 1 year after the termination of the war.

"SEC. 2. Authority to sell or lease silver under this act shall expire on December 31, 1944."

CORRECTION IN THE ENROLLMENT OF HOUSE BILL 7568

Mr. WALSH. Mr. President, I ask unanimous consent to submit a concurrent resolution and to have it considered immediately. I make this request in the absence of the chairman of the Finance Committee, the distinguished Senator from Georgia [Mr. GEORGE]. It is a very simple resolution, and, perhaps by reading it I can explain its purpose.

That the Clerk of the House of Representatives be, and he is hereby, authorized and directed, in the enrollment of the bill (H. R. 7568) to discharge more effectively the obligations of the United States under certain treaties relating to the manufacture and distribution of narcotic drugs, by providing for domestic control of the production and distribution of the opium poppy and its products, and for other purposes, to make the following change, namely: In the language inserted by Senate engrossed amendment No. (2), strike out the word "of" and insert "or", so as to make the language read: "will not be met by importation or licensed production."

The concurrent resolution simply provides for the correction of one word in the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. McNARY. Mr. President, I recall that a few days ago the Senate passed a House bill covering the subject matter.

Mr. WALSH. That is true.

Mr. McNARY. The concurrent resolution seems to be merely designed to correct the phraseology of the bill, and I have no objection.

Mr. CLARK of Missouri. I ask that the concurrent resolution be read.

The PRESIDING OFFICER. The clerk will read the concurrent resolution.

The legislative clerk read the concurrent resolution (S. Con. Res. 39), as follows:

Resolved by the Senate (the House of Representatives concurring), That the Clerk of the House of Representatives be, and he is hereby, authorized and directed, in the enrollment of the bill (H. R. 7568) to discharge more effectively the obligations of the United States under certain treaties relating to the manufacture and distribution of narcotic drugs, by providing for domestic control of the production and distribution of the opium poppy and its products, and for other purposes, to make the following change, namely: In the language inserted by Senate engrossed amendment numbered (2), strike out the word "of" and insert "or", so as to make the language read: "will not be met by importation or licensed production."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

CALL OF THE ROLL

Mr. CLARK of Missouri. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	O'Mahoney
Andrews	Green	Radcliffe
Austin	Guffey	Reed
Bailey	Gurney	Russell
Barbour	Herring	Schwartz
Barkley	Hill	Scruggam
Brewster	Johnson, Calif.	Shipstead
Brooks	Johnson, Colo.	Shott
Brown	Langer	Spencer
Bulow	Lee	Stewart
Burton	Lodge	Thomas, Idaho
Byrd	Lucas	Thomas, Okla.
Capper	McCarran	Tobey
Caraway	McNary	Tunnell
Chavez	Maloney	Vandenberg
Clark, Idaho	Maybank	Van Nuys
Clark, Mo.	Mead	Wagner
Connally	Millikin	Walsh
Danaher	Murdock	Wheeler
Davis	Murray	White
Doxey	Nelson	Wiley
Ellender	Nye	Willis
Gerry	O'Daniel	

The PRESIDING OFFICER (Mr. DOXEY in the chair). Sixty-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, communicated to the Senate the intelligence of the death of Hon. Philip A. Bennett, late a Representative from the State of Missouri, and transmitted the resolutions of the House thereon.

ENROLLED BILLS SIGNED

The message announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

- S. 1099. An act for the relief of Leslie Charteris (Leslie Charles Bowyer Yin) and Patricia Ann Charteris;
- S. 1334. An act for the relief of Anthony Famiglietti;
- S. 1953. An act for the relief of James B. Shuler;
- S. 2195. An act for the relief of Charles E. Salmons;
- S. 2292. An act for the relief of Fred Walker, Sr.; legal guardian for Fred Walker, Jr.; the District Court of the United States for the District of Columbia;
- S. 2317. An act for the relief of Lillian La-Bauve Linney;
- S. 2363. An act for the relief of Percy Ray Greer, a minor;
- S. 2593. An act to provide for the reimbursement of certain Navy personnel and former Navy personnel for personal property lost or damaged as a result of the fire which destroyed the administration building, naval operating base, Norfolk, Va., on January 26, 1941;
- S. 2608. An act for the relief of Dennis Hall;
- S. 2618. An act for the relief of Beatriz Milan Vda. de Vazques;
- S. 2705. An act for the relief of Camilla C. Moore;
- S. 2712. An act for the relief of Victoria Jessie Lodge Skin, now Standing Bear;
- S. 2741. An act for the relief of Charles E. Naghel; and
- S. 2742. An act for the relief of Guy E. Mish.

AUTHORIZATION FOR R. F. C. TO ISSUE ADDITIONAL NOTES, BONDS, AND DEBENTURES—AMENDMENT

Mr. THOMAS of Oklahoma. Mr. President, I submit an amendment to a pending bill, which I ask to have printed

in the RECORD in full, and printed and lie on the table.

There being no objection, the amendment intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H. R. 7801) to authorize the Reconstruction Finance Corporation to issue notes, bonds, and debentures in the sum of \$5,000,000,000 in excess of existing authority, was received, ordered to lie on the table, to be printed, and to be printed in the RECORD as follows:

At the proper place insert a new section, as follows:

"Sec. —. That section 301 (a) (1) of the Agricultural Adjustment Act of 1938, as amended, be, and the same is hereby, amended by striking out the following in the first sentence of said section and paragraph, to wit: 'and freight rates, as contrasted with such interest payments, tax payments, and freight rates' and inserting the following in lieu thereof: 'freight rates, and farm wages (on the basis of the national average and to include the wages of hired workers, operators, and owners), as compared with such interest payments, tax payments, freight rates, and farm wages.'

"(b) That said section 301 (a) (1) is further amended by striking out the following in the first sentence of said section, to wit: 'for which the base period is the period August 1909 to July 1914.'"

SETTLEMENT OF CLAIMS AGAINST MEXICO—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2528), to provide for the settlement of certain claims of the Government of the United States on behalf of American nationals against the Government of Mexico.

Mr. CONNALLY. Mr. President, the present situation in the Senate with respect to the conference report was caused by reason of a disagreement between the two Houses on the bill. In conference the House conferees insisted upon the elimination of certain provisions which were contained in the Senate bill. Upon conference with other Senators interested, notably the Senator from Missouri [Mr. CLARK], I think it will be possible, by a very slight change in the conference report, that is by reinstating one of the provisions contained in the Senate bill, to reach an agreement and dispose of the whole matter. From a parliamentary standpoint I understand it is necessary that the Senate further insist on its disagreement to the amendment of the House, and request a further conference with the House, and that the Chair appoint conferees on the part of the Senate.

Mr. McCARRAN. Mr. President, on that question other Senators, aside from those specifically in charge of the bill, have a right to be heard.

Mr. CONNALLY. I am not advised about that.

Mr. McCARRAN. I desire to be heard on the matter.

Mr. CONNALLY. Mr. President, I cannot yield to the Senator from Nevada for that purpose now.

The PRESIDING OFFICER. Has the Senator from Texas made a motion?

Mr. CONNALLY. This is a privileged matter, and I suppose it can be disposed

of speedily. I move that the Senate further insist upon its disagreement to the amendment of the House, and request a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. McCARRAN. Mr. President, I wish to speak on the motion of the Senator from Texas. I am at a loss to know why a private arrangement should be made without an opportunity being given other Senators to be heard in connection therewith. We understand, and our understanding is not based on documentary evidence, that something has occurred somewhere in the proceedings, somehow which now impels the able Senator from Texas, as chairman of the Foreign Relations Committee, to make this rather unusual motion. We are given to understand, not from specific statements—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McCARRAN. I will yield for a question only.

Mr. CONNALLY. I want the Senator to yield only for a question. I would not dare interrupt the Senator for any other purpose.

Mr. McCARRAN. I could not understand the Senator's last remark.

Mr. CONNALLY. I would not dare interrupt the Senator for any other reason. I did not hear the Senator's statement. Did the Senator express some doubt as to the motives of the Senator from Texas?

Mr. McCARRAN. Oh, no; I never doubt the Senator's motives. I think his motives are always high and lofty.

Mr. CONNALLY. I did not hear the Senator's previous statement.

Mr. McCARRAN. I am sorry the Senator did not. The Senator was engaged in conversation, and, of course, could not hear it. I always attribute the most lofty motives to the Senator from Texas.

Mr. CONNALLY. Mr. President, will the Senator from Nevada yield further?

Mr. McCARRAN. Does the Senator from Texas question my statement? Does he infer that I said or implied that the motives of the Senator from Texas were other than worthy and high?

Mr. CONNALLY. Oh, no; I am sure the Senator did not do anything like that. I do not think the Senator would do such a thing. I wish to say that my motion relates only to the Mexican Claims Commission bill. I am not interested in the silver bill. I am not interested in any other measure that any Senator may want to have come before the Senate or may not want to have considered. I want to get the Mexican claims matter through, and after going all over the situation I thought the best way to get it through was to make a slight concession. That is why I am making it. I am not concerned with the R. F. C. \$5,000,000,000 bill. I do not care anything about it. I am in charge of the pending measure, and I will say to the Senator that the only motive on earth which actuates me is to get the bill through.

Mr. McCARRAN. I realize that, but at the same time there are 96 Senators

in this body, and each one of the 96 may be interested in the bill which is being sponsored by the Senator from Texas. We are interested and will remain interested in it, because it involves \$40,000,000. Forty million dollars does not mean so very much in these days of elaborate expenditure, but, nevertheless, \$40,000,000 will mean something in the dim and dismal future, as was indicated by the way the teeth of the people of the country were set into the election on the 3d of November last. I think many things will become important between now and the next ides of March. I think it might be well for every Senator to take very great interest in every bill which may come before the Senate. There are 96 Senators in this body, and each one of the 96 should be interested in each bill that comes before us.

Mr. President, the bill which is under consideration came out of the Foreign Relations Committee, as I understand. If I am wrong about that, I shall be glad to be corrected. I take it that the bill came out of the Foreign Relations Committee after a rather lengthy consideration of it. I base that assumption on the statement of the very able Senator from Missouri [Mr. CLARK], concurred in by the unusually able Senator from Texas [Mr. CONNALLY]. In matters involving claims between this Nation and foreign countries in which money is involved, somebody must pay the money. Somebody must liquidate the claims.

That brings us to the question, Where are we to get the money? Shall we continue to bleed the people of the country in order to pay claims which two Senators can adjust or settle? I wonder about that. Shall we ask the people of the country to buy bonds, and more bonds, so that we may adjust claims, the liquidation of which is involved in a private arrangement between two very able and very worthy Senators, admitting, as I unhesitatingly admit, that the private arrangement may have been without any ulterior motive whatever?

How do we raise money in America? What are the methods by which money is extracted—if I may use the term advisedly—from the people of the country? What are the avenues through which the money of the country goes into circulation, meets obligations, goes out of the Treasury, or is used by governmental agencies to support obligations guaranteed by the Republic?

The other day I read that the national indebtedness had reached the \$100,000,000,000 mark. If I am not mistaken, that means a \$100,000,000,000 indebtedness appears on the books of the Treasury; but to what extent have the Reconstruction Finance Corporation, a financial agency set up in 1931, or thereabouts, and other agencies of the Government, encumbered the credit of the country through obligations authorized and now outstanding?

While sitting as a member of the Appropriations Committee of the Senate I have had the unusual privilege of learning much about what is outstanding, what is obligated, what is authorized, and what is in the future. As I stated at the outset, \$40,000,000 does not sound

like very much. When the last appropriation bill came from the Appropriations Committee of the Senate—originating in the House of Representatives, as it must under the practice—amounting in round numbers to some \$6,000,000,000, I voted for it. I did so without a blush. I would vote for it again, because it was a bill to increase the air force of the United States and to assist in building a navy which would help bring victory with a reasonable degree of promptness, considering the strength of our adversaries, relieve heartache in America, bring America back to where it belongs, and bring the world back to normalcy.

In voting for the bill many questions must have arisen in the minds of members of the Appropriations Committee. We realized that, as a matter of cold bookkeeping, there was no such sum of money in the Treasury of the United States. We were merely authorizing the expenditure of the money to build a navy and establish an air force. We should have authorized, and will authorize, much more than that for the armed forces of America.

Mr. President, while we are providing for such enormous appropriations, we are presented with a request for \$40,000,000 to settle Mexican claims. In keeping with the innuendo of my good friend the very able Senator from Texas [Mr. CONNALLY], I suppose that I may be criticized for challenging, in one way or another, such a paltry sum as \$40,000,000.

Mr. President, if without undue disclosure I may recite some things which have occurred in the Appropriations Committee, let me say that I have seen the committee sit for long hours wrangling, fighting, and arguing over amounts even less than \$1,000,000. On the other hand, I have seen an appropriation of \$6,000,000,000 approved by the committee after 2 or 3 days of hearings.

We come back to the question, How is money raised in this country? What is money in America? Are we to abandon the capitalistic system? Shall we destroy the financial structure which has been our foundation for 150 years? Shall we enter a new realm of economics following this war? I am exceedingly troubled by such questions, because I think I can read the signs of the times. I believe that I can see that unless we take up arms for the country which we love; unless we go into battle array after military hostilities have ended, in this war, so that private enterprise and individual effort may have their place in our Nation, as they have had for many years, and indeed, during its entire life; unless there be those in Congress who propose to reclaim for Congress the powers, the responsibilities, and the prerogatives which belong to Congress; unless we are ready to say that we stand as the champions of the American economy in the post-war period, then, Mr. President, you and I and everyone who listens to me today on the floor of the Senate should be concerned; for, if I read the signs of the times aright—and I am sorry if I read them otherwise—there is a movement which had its advent far abroad, but is being sponsored here and,

indeed, by many who wave the flag, the flag being their shield for the propagation of their doctrine, that will set up communism in America—so much so, that if we win the war we may lose the peace.

That we will win the war neither I nor anyone else has any doubt. That for the safety of stabilization we must win the war is an abiding faith and an uncontradictable position; but if we are sending our blood and brawn and brain and strength into foreign fields to die, then their memory and their spirits returning here will question me and will question those in this body who listen to me as to why we allowed democracy, stabilized democracy, with its fine attendant features of individual human effort, to be lost while they were battling abroad.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. McCARRAN. I am attempting to be as guardful as possible of my right to the floor. I ask the Chair to advise me whether, if I yield when request is made of me to yield the floor, I may reserve the right to have the floor thereafter, so that I shall not be deprived of the floor. Of course, I am somewhat familiar with the rule.

The PRESIDING OFFICER. Under the rule, if any Senator objects, the Senator may yield for nothing other than a question.

Mr. McCARRAN. Otherwise I still have the floor; is that correct?

The PRESIDING OFFICER. The Chair recognized the Senator from Nevada, but the Senator could have been taken off the floor if a point of order had been made. However, no point of order was made.

Mr. McCARRAN. If some other Member of the Senate makes the point of order after I have yielded the floor, then I am taken off the floor; is that correct?

The PRESIDING OFFICER. Yes; if, immediately after the Senator yields, a point of order is made, because the Senator did not yield for a question; he yielded for the transaction of business.

Mr. McCARRAN. That is correct.

The PRESIDING OFFICER. The Senator from Nevada is now recognized.

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, does the Senator realize that by doing so he is yielding the floor?

Mr. McCARRAN. Very well; I shall have the floor again.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Doxey	Russell
Andrews	Green	Schwartz
Barbour	Guffey	Spencer
Barkley	Gurney	Thomas, Idaho
Brewster	Herring	Thomas, Okla.
Brown	Johnson, Calif.	Tunnell
Burton	Johnson, Colo.	Vandenberg
Capper	Langer	Van Nuys
Caraway	McCarran	Wagner
Clark, Idaho	McNary	White
Connally	O'Daniel	Wiley
Danaher	Reed	Willis

The PRESIDING OFFICER. Thirty-six Senators have answered to their

names. There is not a quorum present. The clerk will call the names of the absent Senators.

Mr. McCARRAN. Mr. President, I move that further proceedings under the call of the roll be dispensed with.

The PRESIDING OFFICER. The motion is not in order. It will be necessary to have a quorum before business can be transacted.

Mr. McCARRAN. Am I to understand from the ruling that we cannot dispense with the call of the roll at any time?

The PRESIDING OFFICER. When it is disclosed that a quorum is not present, the call of the roll cannot be dispensed with. The Chair has announced that 36 Senators answered to their names, and ordered the clerk to call the names of the absent Senators. That must be done in order to develop a quorum.

The Chief Clerk proceeded to call the names of the absent Senators, and after several names were called—

Mr. McCARRAN. Mr. President, I ask unanimous consent that the further calling of the roll be dispensed with.

The PRESIDING OFFICER. The request is not in order. Unless a quorum is present, business cannot be transacted, by unanimous consent or otherwise.

The Chief Clerk resumed the calling of the roll, and after calling several names—

Mr. McCARRAN. I move that the Senate do now adjourn until we can have a quorum.

Mr. CONNALLY. Until we get a quorum, the Senator cannot make a motion.

The PRESIDING OFFICER. A straight out motion to adjourn is in order.

Mr. CONNALLY. Not while the roll is being called.

The PRESIDING OFFICER. A motion to adjourn is in order at any time.

The question is on agreeing to the motion of the Senator from Nevada that the Senate adjourn. [Putting the question.]

Mr. McCARRAN. I ask for a division. On a division, the motion was rejected.

The Chief Clerk resumed and concluded calling the names of the absent Senators, and the following Senators answered to their names when called:

Austin	Hill	Nye
Bailey	Lee	O'Mahoney
Brooks	Lodge	Radcliffe
Bulow	Lucas	Scruggs
Byrd	Maloney	Shipstead
Chavez	Meybank	Shott
Clark, Mo.	Mead	Stewart
Davis	Millikin	Tobey
Elender	Murdoch	Walsh
Gerry	Murray	Wheeler
Gillette	Nelson	

The PRESIDING OFFICER. Sixty-eight Senators have answered to their names. A quorum is present.

Mr. McCARRAN. Mr. President, before the call of the quorum I was discussing, in my rather feeble way, the methods by which and the avenues through which money in America was either created or established or raised. As I stated before, the \$40,000,000 item sponsored by the able Senator from Texas, objected to by the able Senator from Missouri, amounts to but little. The Mexican claims, whether they amount to \$40,000,000, or \$400,000,000, or \$4,000,000, could have been settled a long time ago.

Mr. CONNALLY. Is the Senator asking me a question?

Mr. McCARRAN. The Senator is inquiring of me?

Mr. CONNALLY. I thought the Senator was asking me a question.

Mr. McCARRAN. If the Senator desires to ask me a question, I shall yield for a question.

Mr. CONNALLY. I thought perhaps the Senator was disturbed by the fear that the \$40,000,000 would be paid in silver, but I understand it will not be paid in silver; it will be paid in currency.

Mr. McCARRAN. If it were paid in silver, of course, it would be doubly paid—and I should not want it to be paid doubly—because the only money Mexico knows is silver; indeed, the only money two-thirds of the population of the world know today is silver. So it would be very easy to pay the claims in silver, and in view of the fact that silver costs the Treasury of the United States not 1 cent, it would be the cheapest way to pay the claims. I am, therefore, not interested in that, because I take it that those who sponsor the bill are not particularly interested in what it may cost.

Mr. President, I am interested in the avenues through which money is raised. The Reconstruction Finance Corporation has come to the Congress asking for greater financial fields, and I am advised that that is one of the matters to be considered hereafter. It would seem to me to be very advisable, carrying out the thought I have tried to express, that the people of this country might determine who are their tax barons, who is imposing the burden of taxation on America. We are told, and the people are told, in no uncertain terms, by press and radio. Even Harry Hopkins, if you please, told the people of America that those in authority would tax and tax and tax, and spend and spend and spend, and elect and elect. That was the statement of Harry Hopkins. I shall not refer to the many agencies which have told the people of the country how they would be mulcted of their money. If I did so, I might go into the realm of Tommy Corcoran, who is taking the people's money now and has very unblushingly admitted it.

Mr. MURDOCK. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. I yield.

Mr. MURDOCK. If and when the Congress passes the bill reported by the Committee on Banking and Currency to the Senate authorizing the R. F. C. to expand its borrowing power to the extent of another \$5,000,000,000, as a very humble Senator, having a very meager knowledge of monetary and banking matters, I should like to ask the distinguished Senator from Nevada to enlighten me as to how and from what source the Reconstruction Finance Corporation will get the additional \$5,000,000,000 which they need in their operations.

Mr. McCARRAN. Mr. President, when the able Senator from Utah says that he is a humble member of the Committee on Banking and Currency I must disagree with him, because he is a very outstanding member, and a serious student of subjects considered by the committee. I can best answer his question by reading

the bill which created the Reconstruction Finance Corporation. It seems to me it would not be out of place for the Senate of the United States, now that it is about to extend the powers and prerogatives of the Reconstruction Finance Corporation, to go back to first principles.

My recollection is—and the RECORD before me shows—that the bill creating the Corporation was introduced along about 1932. I shall read from the remarks of Mr. SABATH of date January 11, 1932, in which the report of the committee is set out in full. He quoted from the report, as follows:

The measure provides for the creation of a corporation with capital stock of \$500,000,000, to be subscribed by the Treasury of the United States, with a board of directors, to be composed of the Secretary of the Treasury, the Governor of the Federal Reserve Board, the Secretary of Agriculture, and four directors, two of whom shall be appointed by the President of the United States and two of whom shall be appointed by the Speaker of the House of Representatives, and who shall be confirmed by the Senate. The term of office of the directors of the Corporation is fixed at 5 years and the salary prescribed is \$10,000 each. The Corporation is authorized to issue its obligations to an amount aggregating not more than three times its subscribed capital—

I may say that we have gone far beyond that point since the original bill was passed. That is the reason I am raising the question. I am wondering where we are going to get all this money—

which obligations are to mature not more than 5 years from their dates of issue and which are guaranteed by the Treasury of the United States.

Mr. President, that language causes me to suggest again, for it is in keeping with the thought which I first tried to present, that, no matter where the money comes from, the National Treasury has obligated itself, by way of guaranty, for its repayment. If the Reconstruction Finance Corporation were to fail, if it were possible for it to go into liquidation, if it could not pay its obligations, then the Treasury of the United States, under the language of the bill, will stand behind it. So that as we extend the issuing prerogatives of the Reconstruction Finance Corporation, we simply extend the obligations behind the Reconstruction Finance Corporation; in other words we extend the debt of the Nation. I think no one will take issue with that statement.

Mr. MURDOCK. Mr. President, will the Senator yield for another question?

Mr. McCARRAN. Yes.

Mr. MURDOCK. I am not sure that my information is correct on this point, but I believe the Secretary of the Treasury is at this time selling all the bonds that can possibly be sold to the individual citizens of the United States. We are all cognizant of the fact that there is under way now, and has been for months, a great campaign to sell the bonds of the United States, the direct obligations of the United States, to the people in order to bring money into the Treasury for the financing of the war. Am I correct in my assumption that if the proposed authorization to the Reconstruction Finance Corporation is granted by Congress, and is approved by the President, the bonds authorized to bring in the

additional money to the Reconstruction Finance Corporation will in all probability be sold to the banks of the United States? Are they not the usual and general market for R. F. C. bonds?

Mr. McCARRAN. I am not at all familiar with the method or manner by which these obligations are disposed of. My understanding is that the bill proposes to permit an extension of the powers of the R. F. C., and an extension of its stock in keeping with the extension of its powers. If I am in error about that I shall be glad to be corrected.

I return now to the discussion by Mr. SABATH in his presentation of the bill before the House of Representatives on January 11, 1932. He read further from the report of the committee as follows:

The Corporation is authorized to make loans for a period of 1 year and the President is authorized to extend the time for making loans 1 additional year.

Mr. President, not many Senators are listening to me now, but I think if we were to study the law which it is proposed to amend, many Senators would be very much interested in the subject, because the obligations referred to are the obligations of the United States of America. They are just as much the obligations of the United States of America as the bonds referred to by the able Senator from Utah [Mr. MURDOCK]. He is entirely correct when he says that the people are being urged to buy bonds. Naturally the people are being urged to buy bonds. Over the radio last night, and the night before, and the night before that, we heard the continual urging, by most eloquent commentators, to buy the bonds. The real truth of the matter is that no one advertises over the radio without beginning with the phrase "buy bonds" and ending with the same phrase. We are in favor of that. I should be willing to occupy considerable time in urging my colleagues to buy bonds. I know from personal knowledge that some could perhaps not buy very many, but I know they will buy as many as is within their financial ability.

I would urge the people of the country to buy bonds, and one reason is the security behind them. If the obligation of America to pay the bond issue does not furnish sufficient security, then nothing is secure. If the bonds are not secure then the money of the country which is issued by the Government is itself worthless. Whatever is issued by the Government has behind it the guaranty of the Government. The guaranty of the Government is behind its bonds. So when the Senator from Utah draws my attention to that fact I am very much interested, because the more money we can bring into the Treasury, the more we will have to pay the \$6,000,000,000 of which I spoke a little while ago; and the more able will the Government be to sustain its military forces.

Mr. President, there is only one thought behind this discussion. There is nothing on the floor of the Senate today, nor is there anything before the House of Representatives today which transcends in importance the bringing of our 130,000,000 people together into unity behind our war movement.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield for a question.

Mr. THOMAS of Oklahoma. Am I correct in my assumption that the Senator from Nevada is against the enactment of the so-called Green bill, which proposes the repeal of the Silver Purchase Act?

Mr. McCARRAN. Yes. I expected to discuss that subject at the proper time. I am very much opposed to the bill, of course. I have today offered a substitute for that bill—a bill which is much in the future, I take it. I have offered an amendment by way of a substitute, which I have submitted to the author of the bill. I may say to the Senator from Oklahoma that I am advised—and if my advice is incorrect I shall be glad to stand corrected—that my substitute would have the approval of the Secretary of the Treasury of the United States, it would have the approval of the War Production Board, it would have the approval of the Metals Reserve Company. I thank the Senator from Oklahoma for bringing that point to my attention, but I cannot desist from continuing with the thought I have in mind.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. (Mr. TUNNELL in the chair). Does the Senator from Nevada yield to the Senator from Oklahoma?

Mr. McCARRAN. I yield.

Mr. THOMAS of Oklahoma. I realize that the Green bill is not before the Senate, but inasmuch as it is likely to be, I should like to interrogate the Senator with respect to one or two other points, as a matter of information for the RECORD.

Mr. McCARRAN. I am very glad to have the Senator do so.

Mr. THOMAS of Oklahoma. Is it not a fact that the silver-purchase program increased the permanent silver money in circulation from about \$450,000,000 to almost \$2,000,000,000?

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. Is it not a fact that the only money in circulation that can be redeemed in something of value is in the form of silver certificates?

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. Is it not a fact that if the Green bill should be adopted and the silver-purchase program repealed, it would be possible for the Treasury Department to call in the outstanding silver certificates, and therefore we would have no money in circulation that could be redeemed in anything save in other paper currency?

Mr. McCARRAN. The Senator's statement on that subject is entirely in keeping with his fine understanding of the entire subject, and I answer his question in the affirmative, naturally, because it is the truth, it is the fact.

Mr. THOMAS of Oklahoma. If I may I should like to interrogate the Senator a little further.

Mr. McCARRAN. Very well.

Mr. THOMAS of Oklahoma. Is the Senator aware that the Treasury De-

partment is now calling in and retiring outstanding silver certificates?

Mr. McCARRAN. I have heard that they are calling in outstanding \$5 certificates, and that they are issuing \$1 certificates in place of the \$5 certificates. I have also heard that they are retiring the \$5 certificates. I do not know what the object is.

Mr. THOMAS of Oklahoma. If I may further pursue the inquiries: If the administration, as represented by the Treasury Department, can call in \$5 certificates and retire them, is there any reason why it cannot call in the \$1 certificates and retire them?

Mr. McCARRAN. None whatever. The same thing applies to the tens or twenties.

Mr. THOMAS of Oklahoma. Is it not a fact that under the present law the Treasury Department has the power to use, in any way it sees fit, the so-called free silver, which means the accumulated silver bullion which is not pledged to support outstanding silver certificates?

Mr. McCARRAN. The Senator is entirely correct.

Mr. THOMAS of Oklahoma. That means about one-half of our acquired store of silver bullion, our acquired store being about 113,000 tons.

The Treasury can make use of approximately one-half the accumulated silver for the war effort. It is calling in outstanding silver certificates and retiring them with Federal Reserve notes so I am advised, thereby freeing additional silver. Is it not a fact that this policy, if carried to the nth degree, might mean calling in and retiring all outstanding silver certificates, whereupon our silver hoard of 113,000 tons would be of practically no use except directly in connection with the war effort?

Mr. McCARRAN. The Senator's conclusion is entirely correct.

Mr. THOMAS of Oklahoma. If the Treasury Department has legal authority for doing what it is doing—and I do not question it—is there any occasion for additional legislation to make any part of our accumulated hoard of silver, or all of our silver, available for the war effort?

Mr. McCARRAN. There is no occasion to comment on the fact that all our silver may be made available for the war effort.

In that connection, and in reply to the Senator's query, let me say that I do not like to bring this matter up because it is foreign to the subject I had in mind, but the Senator's query on the subject brings me into the realm of what has been done by those who are behind this movement. Please understand that this excludes authors and Senators. I hope that Senators who are either sponsors or authors of the silver bill will not leave the Chamber, because I am about to say some things which will be a little harsh.

Mr. President, there are two ways of committing murder. One is by destroying the physical being by a bullet, a stab, gas, or otherwise. The other is by destroying the integrity of a man by destroying his reputation.

Mr. THOMAS of Oklahoma. Mr. President, inasmuch as the Senator

probably contemplates discussing an incident in the silver program, and inasmuch as that question will obviously be before us later, I wonder if he will permit me to ask him another question?

Mr. McCARRAN. I gladly yield for a question.

Mr. THOMAS of Oklahoma. Is it not a fact that the silver program was initiated in 1934 as one of the policies to break the then existing depression?

Mr. McCARRAN. That is correct. May I follow that up by saying that it was not only designed to do so, but did do so.

Mr. THOMAS of Oklahoma. I am glad to have the Senator's confirmation of my conviction.

If I may further pursue my interrogatories, is it not a fact that through the silver program we placed in circulation more than a billion and a half dollars of new money, which made money more plentiful; and as money became more plentiful it became cheaper, and as money became cheaper prices rose?

Mr. McCARRAN. That is a uniform and established rule which in my judgment cannot be contradicted. It was true then, and it will be true in the future.

Mr. THOMAS of Oklahoma. Is it not a fact that the silver program worked so successfully that by 1937, only 3 years after its adoption, the prices of all commodities had risen to such a point—and were still rising rapidly—that some of our people became alarmed that we might be on the verge of inflation, whereupon the authorities, who may be called the managers of our money, began to put on the brakes, checked the so-called inflation, or rising prices in 1937, and brought on a second depression?

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. Is it not a fact that the silver-purchase program, which may soon be before the Senate, had the direct result which was claimed for it when we sponsored the bill in the Senate, that of raising commodity prices, which I believe every one at that time agreed should be increased?

Mr. McCARRAN. The Senator is correct.

The Senator used an expression, in connection with the silver purchase program, to the effect that it will soon be before the Senate. Perhaps I did not catch the significance of that statement.

Mr. THOMAS of Oklahoma. I understand that the bill is now on the calendar.

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. I understand that some Senators very much desire that the bill be considered by the Senate.

Mr. McCARRAN. I so understand.

Mr. THOMAS of Oklahoma. I assume that inasmuch as some Senators desire that the bill be brought before the Senate some time before this session of the Congress adjourns, a motion will be made to proceed to its consideration.

Mr. McCARRAN. I understand that such a motion is in the offing.

Mr. THOMAS of Oklahoma. I have covered one point. My second point is this: Is it not a fact that at the present

time the War Production Board—which means the managers of our war effort—is very short of a number of very important metals, such as copper, tin, zinc, and other comparable metals?

Mr. McCARRAN. That is true, as was testified before the committee of which the able Senator from Oklahoma is chairman, a committee which has been very much interested in the production of essential war metals.

Mr. THOMAS of Oklahoma. Is it not a fact, if I may further pursue this line of inquiry, that it is now conceded that for some purposes silver is not only a substitute, but is even better than copper, tin, and zinc for the manufacture of certain war materials?

Mr. McCARRAN. If I may make an extensive answer in response to the question of the able Senator from Oklahoma, let me say that the Secretary of the Treasury, together with Mr. Donald Nelson, appeared before the silver committee of the Senate, of which the able Senator from Oklahoma is chairman, and both of them made the suggestion that the so-called free silver, as they termed it, might, by common agreement, be released from the Treasury so that it could be used for nonconsumptive purposes in the war effort. All members of the committee, of which I have the honor of being a member, agreed; and up to the present time under that agreement nearly 16,000 tons of silver have been released from the Treasury of the United States to be used in the manufacture of conductors of electricity. The silver is still the property of the Treasury of the United States.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator further yield?

Mr. McCARRAN. I yield.

Mr. THOMAS of Oklahoma. Admitting that our vast amount of accumulated silver is now all important in the war program, is it not a fact that we have acquired this silver as a direct result of the so-called silver program?

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. Then, Mr. President, if I may make a brief statement, the silver program has done two fundamental things. First, it has helped break a depression which was world-wide. Secondly, it has resulted in the accumulation of some 113,000 tons of a most important metal for use in the war effort. Any attempt to repeal a law which has been so valuable, and stop a program which has been so successful should be resisted by all those who believe in the program, and I shall join in such resistance.

Mr. McCARRAN. Mr. President, I desire to continue the statement which I started to make when I was interrupted by the interrogatories propounded by the able Senator from Oklahoma.

I stated that there are two ways in which to commit murder. One is by murdering a man's reputation, his integrity, and his sincerity. The other is by killing him physically.

A man who writes the line that destroys another man's reputation, and thereby arouses those who do not fully understand the subject on which the writer dwells to say that they would take

the life of a man against whom the article is written is an accessory before the fact. Those who wrote the lines in the Readers Digest under the caption "Twelve men against the Nation" and in the Saturday Evening Post under the caption "Silver scandal" were accessories before the fact to threats of murder. They knew it when they took the money for the articles. It was not denied before the Committee on Banking and Currency that they took money for their filthy lines, which they knew contained lie after lie, which subjected the chairman of the Special Committee on Silver and the Senator from Nevada, who now holds the floor, to threats that our lives would be taken unless we receded from our position. Yet, notwithstanding that, from the very time when the Secretary of the Treasury came before the silver group of the Senate until this hour, not only 12 Senators, but many more than 12 who were called into that group meeting, acquiesced in the request of Mr. Morgenthau and Mr. Donald Nelson that the so-called free silver be released from the Treasury.

Notwithstanding the fact that the Senator from Nevada who now holds the floor of the Senate met time after time with those who make jewelry and gewgaws and flatware and knives and forks out of silver, and said he would gladly help them in any way and that his whole group would gladly help them in any way to have sufficient silver so that they might continue with their production activities, the War Production Board said, "We need that silver for war activities."

Mr. President, in all the history of legislation there never was a more rascally thing than what has occurred in the last few months. I was visited in my office by a representative of one of the outstanding brokerage companies of America, the one outstanding brokerage company of America that has handled silver and has derived its profits from silver in the past many years. I was told that unless I consented to a repeal of the Silver Purchase Act the going would be pretty tough for me; and after that there appeared in the Los Angeles Times this statement:

Even McCARRAN would not like to be pilloried.

Then followed the two articles, one in the Reader's Digest and the other in the Saturday Evening Post. If they did not pillory 12 men on the floor of the Senate, I do not know what pillorying is. Mr. President, I challenge the author of either of the two articles to show that any men have been more loyal, more American, or more faithful to an oath than have been the 12 men who have been pilloried in those two articles; and I challenge the authors of the articles to defend the truth of their statements, because there is not a single true statement in either of the articles so far as the use of silver for essential war purposes is concerned.

Today I put into the RECORD the whole theme of the Senators who are here defending the monetary system of the United States. Let it not be forgotten

that the Constitution of the United States has some place in the picture, notwithstanding the fact that for 10 years we may not have wanted to submit it to the people of the country for amendment.

The Constitution, if I recall correctly its provisions, says, in substance, that no State shall have any money save gold and silver. I wonder what that means. It simply means that gold and silver are the basic monetary metals behind our Treasury. Whenever we resort to the printing press for money, we have money so long as the printing press can turn over; but just so long as we keep behind our monetary system the precious metals which from time immemorial have been behind our monetary system and the monetary systems of other civilized countries, there cannot be inflation. There cannot be inflation because nature produces those two metals, and produces them in limited quantities.

The question propounded by the able Senator from Oklahoma [Mr. THOMAS] causes me to depart from the subject I had in mind, and gladly I depart from it.

Mr. THOMAS of Oklahoma. Mr. President, before the Senator proceeds I should like to ask a further question which I think is pertinent. The Reader's Digest article and the Saturday Evening Post article contained the statement that the silver-purchase program had cost the taxpayers a billion and a half dollars. Is that statement true?

Mr. McCARRAN. A more untrue statement never was made, because the purchase of silver, or the so-called purchase of silver, costs the people of the United States not one cent. It does not cost the Treasury of the United States one single sou marqué. Several members of the Appropriations Committee are now in the Senate Chamber; the able senior Senator from Oklahoma is one. Is there any Senator who can say that to the floor of the Senate or of the House of Representatives there ever has come an appropriation item for the purchase of silver? Can any Member of the Senate answer that question? Of course, the answer to the question is that no such item ever has come to the floor of either House.

Mr. THOMAS of Oklahoma. Mr. President, I desire to ask the Senator a further question, and then I shall subside. Will the Senator yield to me again?

Mr. McCARRAN. I yield.

Mr. THOMAS of Oklahoma. I can hardly subscribe to the statement just made by the able Senator. The Appropriations Committee appropriates money to buy a special brand of paper, the paper being used exclusively for the printing of money for currency. Is it not a fact that the paper is used for the printing of silver certificates; and, if it is, is it not a fact that the cost of the paper and the cost of printing the certificates is the exact cost which the people of the United States have to bear?

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. First, the cost of the paper; second, the cost of the physical work in the printing process and the cost of the ink required for the print-

ing of the certificates. When those costs are paid, no other costs remain to be met by the people of the United States.

Mr. McCARRAN. That is correct.

Mr. THOMAS of Oklahoma. That cost is only a few cents for each thousand dollars' worth of silver certificates.

Mr. McCARRAN. That is correct.

Mr. President, let me make a further statement. At Fort Knox we have a great store of gold. We bought it at \$35 an ounce. In the world at large the market price is \$21.67. Does any Member of the Senate think that the Treasury of the United States or the Secretary of the Treasury would sell the gold for \$21.67? I cannot imagine such a thing. Of course, the Secretary of the Treasury would not do so. If he were to attempt to do so, he would be brought to account here very shortly.

Let me now refer to the silver question from the standpoint of the two published articles and their fallacy. No ounce of silver in the Treasury of the United States ever cost the people of the United States one dollar or one cent. The Constitution provided what should be the money of this country. It provided that it should be gold and silver; and gold and silver are the money of the country. Evidence of the fact that the Treasury has gold and silver in its possession is made by a little certificate which is printed in the Bureau of Engraving and Printing, to which the able senior Senator from Oklahoma referred a moment ago. The only cost which the people have to pay in connection with the silver money of the country is the cost of the paper and the printing required for the silver certificates.

Mr. President, why is silver now brought into the picture so vehemently and so outstandingly? I want to dwell on this point for a moment. Great Britain has asked us for two and one-half million ounces of silver a month. Australia is asking us to send silver to her. India is praying for silver. China wants silver. Iran, Iraq, and other countries in Asia and Europe want silver for monetary purposes. Why? Mr. President, they have gone through wars in the past and they know what has happened. In Germany after the last war it took a million marks to buy a loaf of bread, and the French francs were not much better, but a little piece of silver as big as a thumbnail would buy a loaf of bread anywhere in the world. The peoples of the subjugated countries and the peoples of the victorious countries—and we hope and pray to God that they are victorious—now are clamoring for the thing that will buy a loaf of bread when the present conflict is over. So Great Britain asks us to send to her, if we can spare it, if we can find it, if we can get it, two and one-half million ounces of silver a month.

In India the price of silver has almost skyrocketed, if I may use a common expression. In China the 400,000,000 or 500,000,000 people know nothing as money except silver. Today the richest man in all the world is an East Indian, and his whole riches are evidenced by silver. I wonder why Great Britain has come

into her very prominent place in the world.

That is not all. I am very much off my subject, but I am glad to dwell on this point: Industrially, silver has come into a prominent position, and there is a place for silver both industrially and monetarily. I received a letter which came to me through a rather indirect channel; it was addressed to the President of the United States. I am sorry I do not have it with me. However, I shall quote it in substance. I do so only because it shows how the unconverted mind on the subject may be misled by writing. The letter addressed to the President said:

I dislike to annoy you because I know you are a very busy man. I have two boys in the military service of the United States. If either of those boys is killed or injured I shall have no hesitancy in going to Washington and killing PAT McCARRAN or any of his group.

I do not blame the man who wrote that letter. I know the heartache he had. He thought the group of which I am a member was doing the things which have been attributed to us by the writers of the articles in the Reader's Digest and the Saturday Evening Post; he thought we were depriving the armed forces of this country of the silver necessary for their war activities. There never was a more untrue suggestion or statement made in print or otherwise, for, from beginning to end, from the time the Secretary of the Treasury came before the silver group of the Senate until this hour we have acquiesced, we have gone along, we have tried to make it possible for silver to be utilized in the war effort and we are and were willing to go even further.

This is not a fight for the use of silver in the war effort. I will tell the Senate what it is, and I shall do so while the author of the bill is on the floor of the Senate. I do not attribute it to him, because I know what is behind it. This is a fight to reduce the price of silver in the open markets of America, so that it may be used in the making of jewelry, in the making of gewgaws, in the making of flatware, in the making of knives and forks and spoons. A certain brokerage firm have made their fortune from dealing in silver and shaving off profits from both ends. They are the agency behind the two articles which were published, one in the Reader's Digest and the other in the Saturday Evening Post. They are the inspiring force behind the bill to which the able Senator from Oklahoma made reference. They will not deny it, because they came to my office and told me they were going to have the Silver Purchase Act repealed, and threatened to pillory us if we did not stand for its repeal.

So, Mr. President, we find the situation to be that Members of the Senate who stand for a principle are to be pilloried but not by the people of America, for the people of America, when they know the facts, will realize that the more silver we acquire the greater support we give not only to our monetary system but to our war effort as well.

Mr. President, I make the statement, and I challenge anyone to contradict it,

that the Treasury of the United States, with its 113,000 tons of silver, is today the envy of the world. That is not all. The gold which is buried at Fort Knox, and which belongs to the Treasury of the United States, is the envy of the world.

What are the facts behind my statement? Less than 90 days ago Great Britain sent word to the gold miners of South Africa to continue to produce gold as rapidly as possible. So the gold mines of South Africa are today producing gold to a greater extent than they ever did or, at least, they were doing so 30 days ago.

That is not all. The United States of America, in order to promote the production of gold in South Africa, is shipping mining machinery to South Africa, while, at the same time, we are denying mine machinery to the mines of the United States.

Will anyone say that gold is not going to play a part in the post-war program? Will anyone say that silver is not going to play a part in the post-war program? It is going to play so great a part that there are those today who envy the strength of our Treasury.

Let me recite a little incident of history. During the First World War, by reason of the pressure for silver in India, my late beloved colleague initiated and had passed through the Congress of the United States a bill under which we would sell Great Britain 200,000,000 ounces of silver at a dollar an ounce. In the Treasury of the United States that silver was worth \$1.29 an ounce. We sold the silver to Great Britain, and then, under the provisions of the Pittman Act, we were to buy silver at \$1 an ounce. The silver was taken by Great Britain and turned back after the war to tear down the price of our own silver in the Treasury of the United States. I wonder if anyone will contradict that statement?

That is another reason why I am opposed to releasing any silver except as it may be used and returned to the Treasury for essential war purposes.

The thoughts I have expressed up to this point have caused me to pass over the uppermost thought in my mind, which was the question of the enhancement or extension of the powers and authority and capitalization and issues of the Reconstruction Finance Corporation. So I now return to that subject, and I shall resume the explanation made on the floor of the House by Representative SABATH on January 11, 1932. He continued to read from the report of the committee, as follows:

It is provided that loans that may be made shall not exceed 10 percent of the capital and obligations which the Corporation is authorized to issue, and it is provided that the Corporation shall not make any loans upon foreign securities or for carrying or liquidating such securities or acceptances.

The purpose of the bill, as indicated by the title, is to provide emergency financing facilities for financial institutions to aid in financing agriculture, commerce, and industry, and for other purposes. The necessity for such relief is recognized on all hands. Agriculture is suffering to a point that has alarmed all students of public affairs. The farmers of the country are borne down by the burdens of debt and taxation. Thousands of them face the loss of their homes and com-

plete bankruptcy. Trade and commerce have been curtailed, and industry in many instances has collapsed. A prime underlying cause of all this is the disintegration of our banking system.

The records show that there have been during the year just ended 2,290 bank failures, with deposits of \$1,759,000,000. Of these failures, 410 were national banks with deposits of \$473,000,000. One hundred and eight State banks that were members of the Federal Reserve System suspended business, with deposits of \$302,000,000. During the last quarter of 1931 there were 1,049 bank failures, 199 of which were national banks and 51 of which were State banks that were members of the Federal Reserve System. During the month of October 1931 there were 522 bank failures, 100 of which were national banks and 25 of which were State banks that were members of the Federal Reserve System. During the month of December 1931 there were 353 bank failures, 64 of which were national banks and 18 were State banks that were members of the Federal Reserve System. Failures are still occurring in large numbers.

Representative SABATH continued, in explaining the Reconstruction Finance Corporation bill in its initial stages:

During the month of December the failing banks that were members of the Federal Reserve System had deposits of \$133,000,000.

I hope the able Senator from Rhode Island [Mr. GREEN] and the able Senator from Connecticut [Mr. MALONEY] are here to listen to this, because it is very enlightening.

Mr. MALONEY. Mr. President, I should like to have the RECORD show that both Senators are here listening intently.

Mr. McCARRAN. I am very glad. They will learn much before we get through. I continue the reading:

The best advice is that the net losses to depositors in failed banks will average about 50 percent. There are, of course, no definite figures on the subject, but this estimate may be accepted as fairly reliable. The total net losses by depositors in national banks and banks that were members of the Federal Reserve System from the enactment of the national banking law down to 1930 was about \$80,000,000.

Let me say at that point, in keeping with the interrogatories propounded to me by the able Senator from Oklahoma, no one ever lost a dollar that was invested in the silver in the Treasury of the United States. It could not be lost. It is always there. It is the only money that is recognized by the Constitution of the United States.

I continue, repeating just a trifle:

The total net losses by depositors in national banks and banks that were members of the Federal Reserve System from the enactment of the national banking law down to 1930 was about \$80,000,000—an amount not far in excess of the total net losses of depositors incurred during the single year of 1931. These figures tell the story of what is happening in the banking structure of the United States.

At that point let me depart from the reading for a moment. The very principle that was enunciated by the Representative who was explaining the bill at that time is the principle that is recognized by the peoples of the Old World. They know that paper money may be issued until the printing presses run out of ink, but they also know that a piece of silver will buy a loaf of bread and, with

that in mind, they are clamoring for silver. That is not true of the people of the conquered countries, the subjugated countries alone, but the people of Great Britain, with her fine position in the world—and we hope it may be finer as time goes on—are calling for the thing which her people knew to be money in the ages past.

But that is not all. The unnumbered millions of India, that province held by Great Britain during these hours, are calling for the only money India has ever known, namely, silver.

We may set up all the Reconstruction Finance Corporations the mind of man may devise, we may set up Federal Reserve banks until we are black in the face, but after they are through issuing paper, if the paper will not buy a loaf of bread, then the people know what will buy a loaf of bread. So unlimited millions throughout the world are calling for silver. They do not care so much for gold. Gold is buried at Fort Knox. Gold is coming in from South Africa. Gold is the money of the hoarder. Gold has been the money of the hoarder from time immemorial.

Let me give a homely example. Does any Member of the Senate recall when he had a \$5 gold piece? If so, it was a long time ago. I will revive his recollection of his own impression, if I may. When he got a \$5 gold piece, he said to himself, "I am not going to break this, because if I break it I will spend it," so he put it away down in his watch pocket, or into some personal and secret place where he would not break it. But if he had 5 silver dollars, or if he had 10 silver half dollars, he would say, "Come on; let us go." That was the common experience. It is human nature.

Silver has been the money of the spender from time immemorial. Silver is the money of the poor. Silver is the money of the masses. Silver is the thing which buys the homely articles of the common people. It has been so, it will continue to be so as long as men have faith either in their government or their fellow men.

The able Representative from Illinois in discussing the Reconstruction Finance Corporation bill when it was before the House for the first time—and I propose to go through the history of that legislation until the present day—makes mention of the thing which gave rise to my last parenthetical statement. Dwelling on these facts he read further from the report of the committee:

It presents an emergency that demands swift and effective action if relief is to be afforded in time to prevent most serious and far-reaching developments. The outstanding difficulty that confronts us springs from the loss of confidence and the general state of fear that has been created. Meantime the banks that are members of the Federal Reserve System find themselves without such paper to offer for rediscount as the Federal Reserve banks will accept. State banks that are members of the Federal Reserve System are in the same situation, and State banks that are not members of the Federal Reserve System are in the midst of practical difficulties equally as unfortunate, if not worse.

These developments have resulted in tying up deposits in large amounts, destruction of confidence, the breaking down of local credit

facilities, widespread depreciation in values, and general demoralization of business. This has unquestionably had a part in bringing about the widespread depression from which we are suffering, and regardless of other remedies we must have an improvement in our banking system before we may expect a return of normal conditions in economic affairs.

Many of the banks to which reference has been made are entirely solvent, but not in position to liquidate their holdings nor to take care of their liability to depositors in the present situation unless something is done to provide accommodations or to relieve the present disturbed state of mind on the part of the public. The credit facilities provided in H. R. 7360, if the measure is administered wisely and well, will unquestionably afford relief to many banks that are worthy of credit but unable to command necessary accommodations that are afforded in normal times. In addition to the relief which is sought to be furnished to other institutions the bill provides for loans upon the assets of any banks that are closed, insolvent, or in process of liquidation to aid in the reorganization or liquidation of such banks. It is hoped this provision will afford some measure of relief to communities that have been deprived of normal banking accommodations and aid such communities in the struggle for economic recovery.

The railroads of the country have been seriously affected in their revenues by the slackening of business, causing tremendous decreases in their freight loadings and income as well as in their passenger traffic. The state of the financial market also affects their ability to refinance maturities that are coming due and in some instances pressing. There are some railroads who were in the course of construction, having made substantial progress with a certificate of necessity from the Interstate Commerce Commission and financing themselves without difficulty until the collapse of the security market, which has in a few instances left projects, apparently necessary and helpful to the public if completed, in an incomplete condition.

Mr. President, the Representative from Illinois in explaining the Reconstruction Finance Corporation bill when it was first before the House was meticulous in his analysis of it. He gave the country a very fine explanation of it. The country has relied on that explanation until the present time. I wonder if the present Congress, after these many years have passed, has deviated from the theory under which the Reconstruction Finance Corporation was created. If it has done so, it might not be amiss for us to reconsider the subject, and think over what gave rise to a new financial system in America.

Mr. President, I depart from the explanation given in the House of Representatives to dwell on the subject of a new financial system in America. Those who framed our organic law had only recently passed through a great war in which the people of this country sought to rid themselves of agencies which for many years had denied them their right of individual human liberty. It was not a dislike entertained by the colonists for the British people which gave rise to the Revolutionary War. I do not believe it was a hatred for the British system of government which gave rise to that war. What gave rise to it was the recognition of the fact that those who were then in control of the Government of Great Britain refused to recognize individual human liberty, refused to give to those who had braved the wilds of this country the right to live

as free men, and refused to unburden them from unjust taxation.

When the Constitution of the United States was established the people of our country knew that Great Britain, from which they had only recently broken loose, recognized only one money, that was a money based on gold and silver. So the framers of the Constitution wrote into that organic instrument the specific and yet unchanged provision that no State should have any money save gold and silver money. The people knew that banking systems could be changed by human agencies, and they knew that it might be possible for conditions to arise whereby the very thing for which the Revolutionary War had been fought would be lost. So they tried as best they could to make impossible that which Mr. Bryce in his analysis of the American Commonwealth draws attention to as being yet possible, that is, that a Chief Executive, with the Treasury in one hand and the Army in the other, could set aside the sacred provisions of the organic law. I do not believe that any President we have had has possessed the temerity to do such a thing, but I do believe that those who framed the organic law had in mind that the people themselves should be the very heart and soul of the Government of our country. The very first words in the organic law are "We the people." True, it may be said that in recent years there have been those who apparently have developed such a turn of mind that with them it is not a question of "We, the people" but, rather, a question of "I, the Government."

Mr. President, whenever the people of the country relax or release their power over the Treasury of the United States and over the armed forces of the country they will have lost their power over government. When the people of the country lose their power over government may God have mercy on us.

To the extent to which we continue to set up new and additional agencies to issue money, to that extent will the Congress lose its hold on government. The Congress is the representative of the people; and "We, the people" are the Government of the United States.

It has been very appropriately said that the people are not the law, and that the law is not the people. The law is the spirit of justice governing the people. So the law should be so framed and so surrounded with reverence and security that in a time of popular passion, for instance, the courts of the land will have the respect of the people, and be able to adjudicate the law as the spirit of the law demands. But, regardless of that, if the Congress loses control of the Treasury, if it loses control of the taxing power, or of the appropriating power, it will not be long before it will lose control of the armed forces. When it loses control of both, we can only pray that the advisers to the Chief Executive will not advise him to take radical steps.

Mr. President, the power to tax is the power to destroy. If this body and the one at the other end of the Capitol lose or surrender the power over money, they will have lost or surrendered the power to tax. We shall not need the power to

tax if taxes can be levied ad libitum. Money can be raised so long as the printing presses run or so long as some man says that the printing presses may run. Let me underscore that expression. So long as some man who has not been chosen by the vote of the people says that the printing presses may run, just so long will our monetary system be at a loss to find an end to its expansion. That is why I dwell on the question which is in the offing. If we are to extend the power of the Reconstruction Finance Corporation day after day, year after year, period after period, and if the R. F. C., without the advice of Congress, may lend and lend and lend, the Congress must tax and tax and tax to meet the lending of the Reconstruction Finance Corporation.

It does no good to say that the Reconstruction Finance Corporation is a corporation, and that therefore its issue and its money are not a charge on the Government of the United States. It would be absurd to advance such an argument, and no one will do so. The Reconstruction Finance Corporation is one of those agencies which we nurture and guarantee, and which we make a part of our whole system. The issuing as well as the lending ability of the Reconstruction Finance Corporation are as much a part of the money of this country as is any other part of the credit of the country.

In explaining the original Reconstruction Finance Corporation bill in January 1932 Representative SABATH read from the report of the House Banking and Currency Committee on the subject, as follows:

Under the present market conditions it is impossible for these to be refinanced, and there is danger of disaster overtaking the transportation system if they are not afforded some relief. They are, therefore, provided for in this bill when, in the opinion of the board of directors of the Corporation, such railroads or railways are unable to obtain funds upon responsible terms through banking channels or from the general public, and the Corporation will be adequately secure.

In making his explanation Representative SABATH was speaking of the security which stood behind the Corporation—in other words, the Government of the United States.

Mr. President, when we compute the debt of the United States we compute it only in Treasury terms. We do not compute it in terms of guaranty, warranty, or security. We forget that our Government has supported many issues which are yet outstanding, and which far transcend the debt of the Treasury. The debt of the Treasury is only a drop in the bucket when we are considering outstanding obligations. So when we tell the people of the country what their national debt is, it is not fair to them to say that it is only a hundred billion dollars. It is not fair to say to them that the Treasury debt is all the debt which we owe. It is far in excess of that. It is so much in excess of it that were we to conjecture in our very highest mathematical terms we could not compute the payment of the interest on the obligations.

That is what brings me to this subject. It causes me to ask my colleagues in the

Senate to pause before they destroy the basic thing behind sound money. It does no good to say that the printing press is the mother of sound money. The history of the world is replete with contradictions of such an assertion. Sound money is based upon the thing which the people of the world want; and wanting it, they will accept it in liquidation of the balance due on obligations as between one man and another. A bale of paper may not be acceptable to a man who holds a debt against another, but a piece of metal may be acceptable. The centuries are replete with instances which prove the truth of that assertion.

The report continues as follows:

The loans are limited in terms to the same terms as loans to banking and other financial institutions, and can only be made upon approval of the Interstate Commerce Commission. The committee is of the opinion that the aid promised them—

That is, the railroads—

In this legislation will probably enable them to secure financial accommodation elsewhere in large part, but the importance of the transportation system of the country is such that it would be calamitous for the country if a collapse in that system should be projected by the conditions recited.

Insurance companies throughout the country are confronted with unprecedented applications for loans by their policyholders. To meet these conditions the insurance companies are compelled to sell their securities to take care of such loans and to pay losses.

Then it says:

The measure under consideration provides a method of affording some degree of relief in this connection, where the public welfare requires.

Then Mr. Bankhead said:

Mr. Speaker, I move the previous question on the adoption of the resolution.

Then the previous question was moved. I quote further:

THE SPEAKER. The question is on the passage of the resolution.

The resolution was agreed to.

Mr. STEAGALL, now chairman of the House Banking and Currency Committee, then a member of that committee, said:

Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 7360) to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes. The motion was agreed to.

The bill was passed. Then it came to the Senate.

The original bill was printed in the House committee hearings. I beg leave to read it:

Be it enacted, etc., That there be, and is hereby, created a body corporate with the name "Reconstruction Finance Corporation" (herein called the Corporation). This act may be cited as the Reconstruction Finance Corporation Act.

SEC. 2. The Corporation shall have capital stock of \$500,000,000—

Five hundred million dollars was mere pocket change in those days—

all subscribed by the United States of America, payment for which shall be subject to

call in whole or in part by the board of directors of the Corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000, for the purpose of making payments upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

SEC. 3. The management of the Corporation shall be vested in a board of directors consisting of the Secretary of the Treasury, the Governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex officio, and two other persons appointed by the President of the United States, by and with the advice and consent of the Senate. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the Corporation. Before entering upon his duties each of the two directors so appointed and each officer of the Corporation shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment and compensation as a director, officer, or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the two directors so appointed by the President of the United States shall be 5 years from the date of the enactment hereof, and thereafter the term of each director so appointed shall be 5 years from the date of the expiration of the term for which his predecessor was appointed. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The two directors of the Corporation appointed as hereinbefore provided shall receive salaries at the rate of \$12,000 per annum each: *Provided*, That any director receiving from the United States any salary or compensation for other services shall not receive as salary from the Corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the Corporation exceed \$12,000 per annum.

SEC. 4. The Corporation shall have succession for a period of 10 years from the date of the enactment hereof, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts, to purchase or lease and hold or dispose of such real estate as may be necessary or convenient for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the

functions thereof as the board of directors may deem necessary for facilitating its business under this act. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation, with the consent of any board, commission, independent establishment or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this act. The Corporation shall have such incidental powers as its board of directors shall deem necessary or expedient in carrying out the provisions of this act.

SEC. 5. The Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, banker, savings bank, trust company, clearing house, or other association of banking institutions, building and loan association, insurance company or other financial institution in the United States (herein referred to as financial institutions). All such loans shall be fully and adequately secured in such manner as the Corporation shall require. The Corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes of such financial institutions, or by way of discount or rediscount of obligations tendered by them for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the Corporation may approve. Each such loan may be made for a period not exceeding 3 years, and the Corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 5 years from the date upon which such loan was made originally. The Corporation may make loans under this section at any time prior to the expiration of 1 year from the date of the enactment hereof; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed 2 years from the date of the enactment hereof. Within the foregoing limitations of this section, the Corporation may also make loans to or aid in the temporary financing of steam railroads engaged in interstate commerce, when in the opinion of the board of directors of the Corporation such railroads are unable to obtain funds upon reasonable terms through banking channels or from the general public and the Corporation will be adequately secured.

SEC. 6. Section 5202 of the Revised Statutes of the United States as amended (U. S. C., title 12, ch. 2, sec. 82) is hereby amended by striking out the words "War Finance Corporation Act" and inserting in lieu thereof the words "Reconstruction Finance Corporation Act."

SEC. 7. All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States, subject to check by authority of the Corporation, or in any Federal Reserve bank, or may, by authorization of the board of directors of the Corporation, be used in the purchase or redemption of any notes, debentures, bonds, or other obligations issued by the Corporation. The Federal Reserve banks are authorized and directed to act as depositories, custodians, and/or fiscal agents for the Reconstruction Finance Corporation in the general performance of its powers conferred by this act.

It is quite evident to the Senator from Nevada that my good colleague the senior

Senator from Virginia [Mr. GLASS] did not write this act, because, if he had done so, the expression "and/or" would not have been in the act, for one of his favorite pet indoor sports is to eliminate that peculiar expression wherever he may find it.

SEC. 8. In order to enable the Corporation to carry out the provisions of this act, the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal Reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the Corporation in confidence such reports, records, or other information as they may have available relating to the condition of financial institutions and/or railroads with respect to which the Corporation has had or contemplates having transactions under this act, or relating to individuals, associations, partnerships, or corporations whose obligations are offered to or held by the Corporation as security for loans to financial institutions or railroads under this act, and to make through their examiners or other employees for the confidential use of the Corporation examinations of such financial institutions or railroads. Every applicant for a loan under this act shall, as a condition precedent thereto, consent to such examinations as the Corporation may require for the purposes of this act and/or that reports of examinations by constituted authorities may be furnished by such authorities to the Corporation upon request therefor.

SEC. 9. The Corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than 5 years from their respective dates of issue to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the Corporation: *Provided*, That the Corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by its board of directors. Such obligations may be issued in payment of any loan authorized by this act or may be offered for sale at such price or prices as the Corporation may determine, with the approval of the Secretary of the Treasury. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it—

This is what I drew the attention of the Senate to a little while ago—

the Secretary of the Treasury shall pay the amount thereof which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations.

Some time ago, Mr. President, in the course of my remarks, I dwelt upon that subject, illustrative of the fact that, while the bill which is to come before the Senate augments and enhances the powers and the issues of the Reconstruction Finance Corporation, in reality and in

fact it only pays out more money from the Treasury of the United States. In other words, the Treasury of the United States is the warrantor, the guarantor, of all the obligations of the Reconstruction Finance Corporation. The language I have just read is not subject to dispute in that respect. So that the stronger the United States Treasury, the more gold and silver it has in storage—and the Constitution says that only gold and silver shall be money in the United States; that the States shall have only gold and silver as money—the better off we will be, standing behind the Reconstruction Finance Corporation, if it should—though God forbid—fail, or be unable to meet its obligations.

Again I draw the attention of the Senate to the fact that it is not the report of the Treasury which discloses the indebtedness of the United States. The report of the Treasury may show that we are only a hundred billion dollars in debt, and the Chief Executive and his advisers might come before the Congress and say, "A hundred billion dollars indebtedness is nothing." But when we come to marshal all the outstanding indebtedness, plus the obligations which adhere to a guarantor, we finally come to find out what the United States owes.

It would be a long story if it were told in print. I do not care what it is if we can pay it, so long as it is addressed to a legitimate subject, such as the winning of the war. The winning of the war, whether we can pay or not, is the outstanding consideration.

The bill further provided:

"The Federal Reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by obligations issued by the Corporation under this act, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and/or notes of the United States: *Provided*, That the rate at which any such discount or advance shall be made by any Federal Reserve bank shall be 1 percent per annum above its discount rate on 90-day commercial paper then in effect.

Section 10 of the bill, the original bill, the bill which was passed in 1932, before I came to the Congress, and before many of my colleagues were here, provided:

SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the Corporation shall be subject to State, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

Then comes section 11 of the original bill. Of course, the act has been amended, and I shall read the amendments made to the act before I conclude,

because it would not be fair to the Senate that I should dwell upon the original bill alone, and not state the amendments which have since been enacted. Section 11 provided:

In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other obligations.

SEC. 12. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depository of public money and financial agent of the Government, as may be required of it. Notes, debentures, bonds, or other such obligations of the Corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

Section 13 of the original bill provided:

Upon the expiration of the period of 1 year within which the Corporation may make loans, or of any extension thereof by the President under the authority of this act, the board of directors of the Corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs.

It will be recalled that the language of the original bill was, as stated here, "Upon the expiration of the period of 1 year within which the Corporation may make loans." Of course, we have gone on now for nearly 11 years, and the power of the Corporation has been extended from time to time by amendments to which I shall draw the attention of the Senate as I come to them. I read further:

It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The Corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the Corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidation. Upon such deposit being made, such amount of the capital stock of the Corporation as may be specified by the Corporation with the approval of the Secretary of the Treasury but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the Corporations' assets and provision being made for payment of all legal obligations

of any kind and character shall be paid to the Treasurer of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

Had it not been for the changes in the law, the R. F. C. would long since have been dissolved.

SEC. 14. If at the expiration of the 10 years—

That time has long since passed—

for which the Corporation has succession hereunder its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the Corporation under this act.

In view of my previous remarks, I draw the attention of the Senate to the fact that the Reconstruction Finance Corporation as set up by the act is nothing more nor less than a lending agency, behind which the United States stands, and all obligations outstanding and all losses sustained by the Reconstruction Finance Corporation, and all interest on debentures, or payments on outstanding obligations, are guaranteed by the Government of the United States.

I hope this is nothing new to the Senate. I cannot imagine that it would be. So, whatever the outstanding obligations of the Reconstruction Finance Corporation may be, or whatever its losses may be, or whatever interest it is obligated to pay, they constitute only additional burdens on the taxpayers, and the more we extend the outstanding obligations the taxpayers eventually must meet the greater will be the burden.

There is nothing hidden in this matter. It is a good thing to read these acts once in a while so that we may see what is going on.

Section 14 of the bill continued:

In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties, and nothing herein shall be construed to affect any right or privilege accrued, and any penalty or liability incurred—

Mr. BROWN. Mr. President, will the Senator yield?

Mr. McCARRAN. I will yield if I do not lose the floor. For what purpose does the Senator request that I yield?

Mr. BROWN. I merely desire to place in the Appendix of the RECORD an article by Paul W. Ward, published in the Baltimore Sun of September 6.

Mr. McCARRAN. If I do not lose the floor I have no objection.

Mr. BARKLEY. Mr. President, I would not take advantage of the Senator's yielding, but technically under the rules the Senator yields the floor when he permits anything to be inserted in the RECORD. I do not know whether any other Senator would take advantage of that point, but the Senator from Nevada ought to know that the point can be made.

Mr. McCARRAN. Very well, Mr. President, then I cannot yield. I apologize to my good friend the Senator from Michigan.

I do not like to repeat what I have read, and I hope the Presiding Officer will be indulgent until I find the place at which I was reading. I will repeat a few words.

And nothing herein shall be construed to affect any right or privilege accrued, and any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the Corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the money belonging to the Corporation, and make the final report of the Corporation to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

SEC. 15. The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever wilfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation, or (2) passes, utters or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, or (4) passes, utters or publishes, or attempts to pass, utter or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or wilfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or without being duly authorized, draws any order or issues, puts forth or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation," or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000, or imprisonment not exceeding 1 year or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C. title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

The Secret Service Division of the Treasury Department is authorized to detect, arrest, and deliver into the custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

SEC. 17. The right to alter, amend, or repeal this act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Mr. President, nothing could be more interesting and enlightening than the statement made by the Honorable Eugene Meyer, then Governor of the Federal Reserve Board. I read from page 10 of the hearings of the House Committee on Banking and Currency, printed in a volume containing hearings before the House Committees on Agriculture, Banking and Currency, District of Columbia, Foreign Affairs, Irrigation and Reclamation, Rules, Ways and Means, and World War Veterans' Legislation, 1931-32, volume 587. The subjects in the volume vary. I think Mr. Eugene Meyer is now the owner of the Washington Post.

The CHAIRMAN. We will hear Gov. Eugene Meyer, Governor of the Federal Reserve Board. Governor Meyer, we have called you this morning for the purpose of giving you the time until the hour of meeting of the House to make such statement to the committee as you may see fit in your own way. We thought we would be able to let you do that without interruption. Your statement will have to do with H. R. 5060 and H. R. 5116, to provide emergency financial facilities and so forth.

Mr. GOODWIN. Governor Meyer, we have in our State of Minnesota a rural credit bureau organized and operated by the State and under authority of the State. Would this bill cover an institution of that character?

Mr. MEYER. I do not know. Is it a financial institution?

Mr. GOODWIN. It is, entirely.

Mr. MEYER. It could. It would be under "other financial institutions" I presume. I am only giving you my own personal opinion as I read the bill and as I understand it. I am not a legal authority, but I would say that any financial institution is eligible under the bill as drawn, as I read it.

The CHAIRMAN. Now, Mr. Meyer, unless some gentleman has something else, we are going to permit you to proceed without interruption.

The statement of Governor Meyer should certainly enlist the attention of Senators, because he is now the editor of the Washington Post. He was then the Governor of the Federal Reserve Board. As Governor of the Federal Reserve Board he was called before the Finance Committee of the House, where he gave his testimony. In view of the fact that there is now being proposed outstanding and very important legislation which would affect the situation, Members of the Senate should certainly be interested in the testimony.

In this matter I am not addressing myself to an empty subject. Senators may feel that to say that the Reconstruction Finance Corporation may extend its powers and prerogatives *ad libitum* does not amount to anything. However, the day will come when they will be held accountable for their stewardship. When that day arrives the people of the country will speak, and speak very emphatically.

As I have read to this body during the past several hours, the Reconstruction Finance Corporation is an organization which is authorized to plunge the country into debt. So long as it has that prerogative we may assume—in keeping with the bill which will come before the Senate in the not far distant future, or perhaps the very distant future—that it will continue to extend it. A reading of its history will show that up to the present time its tendency has been to extend its powers to put the country into debt. If the Reconstruction Finance Corporation can find any answer to that assertion, I should like to have it.

With that in mind, it might be well for Senators to give attention to what Mr. Meyer said. I shall read his testimony, which is quite extensive. I shall then read from other portions of the hearings.

Mr. Meyer continued as follows:

Mr. MEYER. I am glad of the opportunity to appear before the committee in connection with your consideration of this bill. In approaching a measure of this importance it is necessary to have some fundamental and philosophical background, in my opinion, and I will refer to a meeting which I attended here in this committee room some 10 years ago, where we had a critical situation which particularly involved the country banks at that time and the agricultural interests. I then advocated some temporary emergency work to be done by the Government to meet an extraordinary and emergency situation. I said then and I feel now it is a sound principle of government in exceptional conditions involving national interest to depart from the ordinary rules of government activity and the ordinary principles of the Government's participation in the financial operations of the country related, of course, to the business of the country, to provide exceptional and temporary institutions and measures for dealing with temporary and unusual conditions.

I feel, Mr. Chairman and gentlemen, that the present situation is one of those occasions of such exceptional character and characteristics that I would be failing in my duty and in my present position as Governor of the Federal Reserve Board, or even if it were only that I was a private citizen with a private interest, I would feel it my duty, as I once did as a private citizen, to recommend and support a measure of this character. I will not say that every detail is before you, but in your deliberations you will

consider the bill in detail. I have some minor suggestions on some unimportant matters perhaps in the bill to make as to details later on myself. But on the broad principle of the Government entering into this situation on a temporary basis, as is provided in the bill, and with powers that are unusual but that, I think, are justified by the unusual character of the situation that the mass of the people of this country are interested in, I believe the bill sound.

Mr. President, the R. F. C. Act has gone a long way, and has done a world of good in America. There is nothing to be said against the principle behind the Reconstruction Finance Corporation, and I am willing to testify that during the 10 years in which I have been a Member of the Senate the Reconstruction Finance Corporation has gone a long way to aid the country in emerging from an unhappy condition. I do not assert that its valuable and very effective service should not be enhanced. I wish only to direct the attention of the American public and of this body to the fact that if Congress abandons control over the money in the Treasury, it will have abandoned an obligation which was imposed upon it by the organic law.

If Congress does not retain control of putting money into the Treasury of the United States and paying it out, the time will not be far off when the people will write the verdict which Congress will have written for itself, namely, that we shall no longer be worthy to represent the people.

I hope that neither through the agency of the Reconstruction Finance Corporation, nor any other agency, will we relinquish our control over paying out the money of the taxpayers. I shall never vote for a bill having such an objective. Frankly, I have been guilty of voting for bills such as I would not vote for again.

I do not believe it was ever intended that the Chief Executive under our form of government should have, *ad libitum*, a blank check on the Treasury of the United States. Such a situation has been forced upon us under war measures and other emergencies. I hope that that day may soon be at an end. Be that as it may, if we continue to enlarge the authority of lending agencies whose commitments are guaranteed by the Government of the United States, we shall do the same thing in another way.

Mr. President, it is time for us to take an inventory of our whole situation. If we do not do so, the people will take one, and it will be a sad one. It will be one which will hold all of us to an accounting.

I will not willingly permit conditions to arise whereby the basic money of the country may be debased. I will not lend myself to a movement whereby the basic money in the Treasury of the United States will be caused to relinquish its position to a money-lending agency which has nothing behind it save and except the guaranty of this Government.

When the obligation guaranteed by this Government comes due upon what will the guaranty rest save and except the money which was recognized by the Constitution of the United States, namely, gold and silver?

Mr. President, the discussion by Mr. Meyer, who then was Governor of the

Federal Reserve Board, is very interesting. He said further:

If I may review a little for the benefit of the committee, the experience of the War Finance Corporation, not so much under the war powers but under what we may call with, I hope, no offense to our friends of the South, the reconstruction work of the War Finance Corporation during that time for the benefit of the light it throws on the possibilities of this kind of an institution under present conditions. As you remember, the War Finance Corporation was organized during the war and had as its primary purpose the financial support of financial institutions and industries necessary and contributory to the prosecution of the war, and I think it was extremely valuable throughout the war period, during which period Governor Harding, of the Federal Reserve Board, was managing director.

In the war period the amount of money loaned was not very large, but the amount of support given to financial institutions was very important; it was a confidence-inspiring institution, and the records contain no figures to show adequately or accurately its value effectively. There were occasions where industries needed financing, and the support of the War Finance Corporation back of the bankers and that industry enabled the bankers to finance through the investment market. I remember that one of the activities at that time was to finance railroads where funds were not obtainable in the market. The railroads at that time being under Government control and operation, in many cases the railroads and their bankers thought that issues maturing or requirements could not be met in the investment market, found that when the Corporation agreed to take care of the situation in case the investment market and the bankers did not there was no difficulty, and there was no call made for the funds of the Corporation. Those figures, of course, are not in the record, because no money was loaned, but effectively it was better than if it had been loaned.

I mention the effectiveness of the work in support of the situation entirely apart from those cases where funds were actually used, because I anticipate, or should anticipate, with proper administration the main value of an institution organized substantially along these lines, if properly administered, would lie in the availability of funds. There would be lending, but the main value in an institution of this kind is the availability of funds if needed.

Evidently those funds have been very much needed, because the Reconstruction Finance Corporation now is asking for an extension of its lending power.

I continue to quote from Governor Meyer's statement:

We have a situation, gentlemen, where it is a fact, as is commonly stated, that fear is a dominant factor. We had a similar situation in 1921 after the war when the Agricultural Relief Act expanded and extended the powers of the War Finance Corporation for a period of a year, which was extended finally until December 31, 1924. It is important to analyze what that fear is. It is now, as it was then, I think and as I remember those years—I am sure I am right as to 1921 and 1922, and I believe it is true at this time—that it is not the fear of a borrower coming to a bank, a borrower of good standing and character; it is not a fear of the borrower or a fear of his security so much as it is a fear of a general situation and in many cases it is a fear of the strong. It is a fear in the minds of the strong or the weak. It is not the weak fearing the strong; it is the strong fearing the weak. We will take as a concrete example in that agricultural relief work in 1921 one particular case, and those are

always most convincing when they are concrete and specific, a situation in Iowa. There was a town in the State of Iowa with three good, strong banks and one perhaps small and weak. As long as that small, weak bank was in danger the three big strong banks would not lend any money; they would not renew if they could help it; they would extend no new credit, and they kept, perhaps justly under the circumstances, a contraction policy in effect in their operations.

So you hear, and you hear truthfully as a matter of fact, of strong banks afraid to function actively and normally. It is the fear of some neighbor or some neighboring town or something else, or maybe fears generated by events such as the Bank of England going off the gold basis and the conditions in Europe and South America, but that fear has become a dominating factor in the financing of the regular business of the country.

(At this point there ensued a brief conference between Mr. McCARRAN and other Senators.)

Mr. CONNALLY. Mr. President, let me ask what action the Senator has decided to take.

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Texas?

Mr. McCARRAN. Mr. President, I have the floor, and I am not yielding the floor for a moment; but my understanding is—if I am in error I desire to be corrected—that on the pending question, which is on agreeing to the report of the committee of conference on the Mexican claims bill, the conference committee is ready to report, and will report, and that I will have the floor on the matter of the report of the committee of conference on the Mexican claims bill.

Mr. BARKLEY. In order to send the bill back to conference so that the conferees may bring in another report, the pending report must be rejected. Following the return of the bill to the conference, the conferees will bring in another report, which will be presented, and which, of course, will then be a new matter.

Mr. McCARRAN. Suppose nothing comes in from the conference committee. Then the subject to which I am addressing myself will be off the floor, because I will have yielded the floor. I am not willing to do that.

Mr. BARKLEY. Of course, if the pending conference report should be rejected and the bill be sent back to conference, and the Senator's assumption that there would not be anything further reported should be correct, of course, the Mexican claims measure would be out of the window. But the Senator may rely upon the fact that there will be another conference report.

Mr. McCARRAN. And may I rely on the fact that the conference report, whatever it may be, will be brought before the Senate at its next session?

Mr. BARKLEY. At its next session, whether tomorrow or some other day; and I will say to the Senator that I have planned to move a recess until tomorrow.

Mr. McCARRAN. I desire to be frank, and I may say that what I have in mind is that I do not want to lose the floor on the subject now pending, the conference report on the Mexican claims

bill, which is before the Senate. If there be any plan on the part of those in charge to take the Mexican claims matter off the floor and not permit me to address myself to it—

Mr. BARKLEY. I may say to the Senator that technically the pending conference report will be taken off the floor, but when a new one has been presented, the subject will be back on the floor, just as the pending report is.

Mr. McCARRAN. Suppose the conference report is not back on the floor at the next session; in what position will the Senator who now holds the floor be?

Mr. BARKLEY. I should be very much inclined to move a recess until such day as it would be back on the floor.

Mr. McCARRAN. May that be understood?

Mr. BARKLEY. Yes; I am willing to have that understood.

Mr. MALONEY. Just a moment.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER. Does the Senator yield?

Mr. McCARRAN. I yield for a question. I have been met with a technicality, so that I have to be on guard.

Mr. CONNALLY. I do not want to take the Senator off the floor.

Mr. McCARRAN. I do not believe the Senator would.

Mr. CONNALLY. The situation is that, under the technical rules of the Senate, in order to change or modify in any respect the conference report, the Senate must reject it, ask for a further conference, and appoint new conferees, and if the House agrees, the new conferees will write up a new report. I may say to the Senator frankly that the new report will be ready tomorrow morning; it now is in process of preparation, but the House must act on it first. We understand that the House will probably act within half an hour or an hour after convening tomorrow morning. After the House has acted, and the action has been messaged over to the Senate, the Senate can act on the report within a few minutes, and we will be through with it.

Mr. McCARRAN. The new report will, of course, be subject to discussion and debate, and I shall address the Senate on it.

Mr. CONNALLY. I was thinking that if the Senate takes a recess over until Thursday, the Senator would not care to remain here and debate it.

Mr. McCARRAN. Perhaps I do not get the purport of the Senator's remarks.

Mr. BARKLEY. The point is that if a new conference report is to be brought in—and in all frankness it has already been agreed on—it cannot be brought in until the pending report is out of the way and the matter sent back to conference. That will be done in the House tomorrow—the House not being in session today, except briefly—if the Senate shall agree to the motion now pending. The House will get to it tomorrow, and just as soon as the physical mechanics can be gone through with, it will be brought back. It will be subject to debate, just as the pending report is.

Mr. McCARRAN. Very well.

Mr. BARKLEY. I will say to the Senator, however, that if the Senate should tomorrow agree to the conference report, of course, then I would personally feel inclined to move a recess until Thursday or Friday.

Mr. McCARRAN. That is a matter with which we can deal at the next session.

Mr. BARKLEY. That is correct. I hope the Senator will permit this motion to be agreed to. No one is seeking to take advantage of any rule to take the Senator off the floor.

Mr. McCARRAN. Very well. I am always inclined to follow the lead of the leader. He has never yet misled me.

Mr. BARKLEY. I thank the Senator.

Mr. ELLENDER. Does the Senator from Kentucky expect to move a recess until tomorrow?

Mr. BARKLEY. Yes.

Mr. McCARRAN. Mr. President, I am inclined to think that perhaps a recess in place of an adjournment over would be better.

Mr. BARKLEY. I am planning a recess, not an adjournment.

Mr. McCARRAN. Very well.

Mr. BARKLEY. I now suggest that the Senate act on the motion of the Senator from Texas.

Mr. McCARRAN. Before that is done, may we have a little further explanation from the Senator from Kentucky, the leader of the majority? In view of all that has occurred, I deem it advisable that the Senate recess until Thursday, rather than until tomorrow.

Mr. BARKLEY. The first suggestion I made on the subject of recessing several days ago was that we go over until Thursday, but that was not agreeable to all Senators, and therefore I modified my plan, and decided to move a recess until tomorrow. But the question as to recessing from tomorrow until some other day will be a matter we can discuss and decide tomorrow. To be frank, the Senator from Texas is compelled to leave the city Wednesday, and desires to have the Mexican claims matter disposed of before then.

Mr. McCARRAN. Assuming that the Senate will take a recess until tomorrow, may there be an understanding that, if some of us want to go over until Thursday, there will be no serious objection?

Mr. BARKLEY. I should approach the subject sympathetically.

Mr. CLARK of Missouri. I withdraw the motion to postpone indefinitely the consideration of the conference report, which is the pending question before the Senate.

The PRESIDING OFFICER. The motion to postpone the conference report indefinitely having been withdrawn, the question is on the motion of the Senator from Texas that the Senate disagree to the conference report, insist upon its disagreement to the amendment of the House to the bill (S. 2528) to provide for the settlement of certain claims of the Government of the United States on behalf of certain nationals against the Government of Mexico, ask for a further conference with the House

thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CONNALLY, Mr. GEORGE, Mr. WAGNER, Mr. JOHNSON of California, and Mr. CAPPER, conferees on the part of the Senate at the further conference.

SENATOR FROM NEW MEXICO— CREDENTIALS

Mr. CHAVEZ presented the credentials of CARL A. HATCH, duly chosen by the qualified electors of the State of New Mexico a Senator from that State for the term beginning January 3, 1943, which were read and ordered to be filed, as follows:

STATE OF NEW MEXICO,
DEPARTMENT OF STATE,
Santa Fe, N. Mex.

To the PRESIDENT OF THE SENATE OF THE
UNITED STATES:

This is to certify that on the 3d day of November 1942, CARL A. HATCH was duly chosen by the qualified electors of the State of New Mexico a Senator from said State to represent said State in the Senate of the United States for the term of 6 years, beginning on the 3d day of January 1943.

Witness: His Excellency our Governor, John E. Miles, and our seal hereto affixed at Santa Fe, N. Mex., this 30th day of November 1942.

JOHN E. MILES,
Governor of New Mexico.

Attest:

[SEAL]

JESSIE M. GONZALES,
Secretary of State.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate a message from the President of the United States nominating Mrs. Rose L. Day, of Nevada, to be register of the land office at Carson City, Nev., vice Mrs. Carrie H. Malone Delano, which was referred to the Committee on Public Lands and Surveys.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. GUFFEY, from the Committee on Finance:

Stanley Granger, of Waynesburg, Pa., to be collector of internal revenue for the twenty-third district of Pennsylvania, to fill an existing vacancy.

By Mr. MURDOCK, from the Committee on the Judiciary:

Louis E. Goodman, of California, to be United States district judge for the northern district of California, vice Harold Louderback, deceased.

By Mr. WALSH, from the Committee on Naval Affairs:

Capt. Morton L. Deyo to be a rear admiral in the Navy, for temporary service, to rank from the 13th day of May 1942.

By Mr. McCARRAN, from the Committee on Post Offices and Post Roads:

Sundry postmasters.

COLLECTOR OF INTERNAL REVENUE

Mr. GUFFEY. Mr. President, earlier today I reported from the Committee on Finance the nomination of Stanley

Granger of Waynesburg, Pa., to be collector of internal revenue for the twenty-third district of Pennsylvania. I ask unanimous consent that the Senate now consider that nomination, and that the nomination may be confirmed.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of Stanley Granger, of Waynesburg, Pa., to be collector of internal revenue for the twenty-third district of Pennsylvania, to fill an existing vacancy.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. GUFFEY. I ask that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

POSTMASTER, ASHLAND, KY.

Mr. McCARRAN. Mr. President, from the Committee on Post Offices and Post Roads the nomination of Henry D. Shanklin, to be postmaster at Ashland, Ky., was reported earlier today. The committee would like to have immediate consideration of the nomination, and I ask for its immediate consideration.

Mr. BARKLEY. Mr. President, I join in the request of the Senator from Nevada.

Mr. McCARRAN. The chairman of the committee has requested that the rule be suspended, and that the nomination be immediately considered.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of Henry D. Shanklin, to be postmaster at Ashland, Ky.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. BARKLEY. I ask that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

The nominations on the Executive Calendar will be stated.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters be confirmed en bloc, and that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc, and the President will be notified immediately.

DEATH OF REPRESENTATIVE BENNETT, OF MISSOURI

Mr. BARKLEY. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed consideration of legislative business.

The PRESIDING OFFICER laid before the Senate a resolution (H. Res.

581) from the House of Representatives, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES,
UNITED STATES,
December 7, 1942.

Resolved, That the House has heard with profound sorrow of the death of Hon. PHILIP A. BENNETT, a Representative from the State of Missouri.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect the House do now adjourn.

Mr. CLARK of Missouri. Mr. President, I offer a resolution, which I send to the desk and ask to have read, and immediately considered.

The PRESIDING OFFICER. The resolution submitted by the Senator from Missouri will be read.

The resolution (S. Res. 331) was read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. PHILIP A. BENNETT, late a Representative from the State of Missouri.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The PRESIDING OFFICER. As the committee provided for in the resolution the Chair appoints the senior Senator from Missouri [Mr. CLARK] and the junior Senator from Missouri [Mr. TRUMAN].

RECESS

Mr. CLARK of Missouri. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until Tuesday, December 8, 1942, at 12 o'clock noon.

NOMINATION

Executive nomination received December 7 (legislative day of November 30), 1942:

REGISTER OF LAND OFFICE

Mrs. Rose L. Day, of Nevada, to be register of the land office at Carson City, Nev., vice Mrs. Carrie H. Malone Delano.

CONFIRMATIONS

Executive nominations confirmed December 7 (legislative day of November 30), 1942:

COLLECTOR OF INTERNAL REVENUE

Stanley Granger to be collector of internal revenue for the twenty-third district of Pennsylvania.

POSTMASTERS

GEORGIA

Charles D. Bruce, Sea Island Beach.

KENTUCKY

Henry D. Shanklin, Ashland.

LOUISIANA

Thomas J. Franklin, Anacoco.
Marvin A. Kent, De Quincy.
Frederick J. Wisser, Jr., Gretna.

MICHIGAN

Lynn J. Pardee, Three Oaks.

OKLAHOMA

Bourke Hamilton Bayless, Claremore.
Orville G. Conrad, Texdon.

TEXAS

Winnette D. DeGrassi, Amarillo.
Riva C. Burnett, Miami.

VERMONT

Clayton H. Bailey, Island Pond.

HOUSE OF REPRESENTATIVES

MONDAY, DECEMBER 7, 1942

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Members will please rise, and remain standing in silence, in memory of our sacred dead at Pearl Harbor.

O holy and merciful God, we are weak; Thou art mighty. Use our weakness to magnify Thy strength. Let no threatening or suffering loss appall us. Do Thou awaken in us a buoyant hope and a compelling courage, forging a mutual life in a mutual world. Dear Lord, after every storm the skies clear, and for every problem there is a solution. Grant that an urgent duty may course through the veins of our being, trusting in the absolute triumph of the right and in peace with justice after victory.

With Thine approval, grant that strong wills may drive our purpose on with a chivalrous faith in a victorious tomorrow when the iron-toned discords of military vandals shall be no more. Thou who art of infinite goodness will not mock our prayers, and no love at Thine altar will vainly plead. On this day which marks our destiny, let a marvelous power knit all hearts under the influence of the fiery solvent of adversity. We pray that our deep sympathy for the lonely and our admiration for the brave men who formed a wall of fortitude may be as enduring as memory. Dear Lord, inspire our country to bear a clear title to our flag, whose colors symbolize everything that is good and great in the being of man. Oh, help us to carry on; carry on until the United Nations mount as do eagles. Again, O Lord, the alarm has sounded. An honored Member has fallen amid deserved honors and abundant labors. Give comfort to the strickened fireside. Let us all remember that life is a climbing vine that blossoms on the other side of the wall. Through Christ. Amen.

The Journal of the proceedings of Thursday, December 3, 1942, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On December 2, 1942:

H. R. 1376. An act to record the lawful admission to the United States for permanent residence of Ona Lovickiene and children, Edmundos and Regina;

H. R. 2217. An act for the relief of Wilson N. Ycst;

H. R. 5059. An act to grant the status of quota immigrants to Mr. William B. Fawcner and his wife, Mrs. Ida Fawcner;

H. R. 5578. An act to permit the United States to be made a party defendant in certain cases;

H. R. 5651. An act for the relief of the Home Insurance Co. and the American Insurance Co.;

H. R. 6013. An act to authorize the Secretary of War to transfer certain land to the Territory of Hawaii;

H. R. 6141. An act for the relief of Mrs. C. M. W. Hull;

H. R. 6368. An act for the relief of William S. Chapman, Clyde Gilbert, Paul Scherbel, and Frank Childs;

H. R. 6907. An act for the relief of Mrs. P. R. Yager;

H. R. 6990. An act for the relief of G. F. Allen, chief disbursing officer, Treasury Department, and for other purposes;

H. R. 7350. An act to provide for granting to the State of New Mexico the right, title, and interest of the United States in and to certain lands in New Mexico; and

H. R. 7408. An act to amend the act of October 9, 1940, entitled "An act to restrict or regulate the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof, to addresses outside of the United States, its Territories and possessions, and for other purposes."

On December 4, 1942:

H. R. 1740. An act for the relief of Luther Chitty and Susie Chitty;

H. R. 4321. An act for the benefit of the Chippewa Indians of Minnesota;

H. R. 4804. An act for the relief of Claud R. Johnston;

H. R. 6491. An act for the relief of the heirs of John W. Adams;

H. R. 6558. An act for the relief of Anne Berbig and Alfred E. Berbig, Jr.; and

H. R. 7768. An act to provide a uniform allowance for officers and warrant officers commissioned or appointed in the Army of the United States or any component thereof.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a joint resolution and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. J. Res. 162. Joint resolution authorizing the execution of certain obligations under the treaties of 1903 and 1936 with Panama, and other commitments; and

S. Con. Res. 38. Concurrent resolution authorizing the Joint Committee on Reduction of Nonessential Federal Expenditures to investigate the issuance of questionnaires by governmental agencies, with a view to simplification and reduction of expense.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1953. An act conferring jurisdiction upon the United States District Court for the

Eastern District of South Carolina to hear, determine, and render judgment upon the claim of James B. Shuler in his individual capacity and as husband and legal representative of the estate of Ellis Morrison Shuler, deceased, and as father of Ellie S. Shuler, deceased;

S. 2195. An act conferring jurisdiction upon the United States District Court for the Western District of Missouri to hear, determine, and render judgment upon the claim of Charles E. Salmons;

S. 2292. An act for the relief of Vernon E. Deus;

S. 2705. An act for the relief of Capt. Samuel N. Moore, United States Navy; and

S. 2742. An act for the relief of the postmaster at Nome, Alaska.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2317) entitled "An act for the relief of Lillian LaBauve Linney."

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills of the House of the following titles:

H. R. 4923. An act for the relief of the estate of Orion Knox, deceased; and

H. R. 6410. An act for the relief of Alex Gamble.

The message also announced that the Vice President had appointed Mr. BARKLEY and Mr. BREWSTER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers in the following department and agencies:

1. Department of the Treasury.
2. The National Archives.
3. Office of War Information.
4. Tennessee Valley Authority.

RESIGNATIONS

The SPEAKER laid before the House the following communication:

WASHINGTON, D. C., December 7, 1942.

The SPEAKER,

House of Representatives, United States, Washington, D. C.

SIR: I beg leave to inform you that I have this day transmitted to the Governor of Nevada my resignation as a Representative at Large in the Congress of the United States from the State of Nevada.

Yours truly,

J. G. SCRUGHAM.

The SPEAKER also laid before the House the following communication which was read:

DECEMBER 4, 1942.

HON. SAM RAYBURN,

Speaker, House of Representatives of the United States, Washington, D. C.

DEAR MR. SPEAKER: I hereby tender to you my resignation as Representative in Congress from the Sixth Congressional District of the State of Illinois, said resignation to take effect as of 12 o'clock noon, December 8, 1942.

Respectfully submitted.

A. F. MACIEJEWSKI.

The SPEAKER. Without objection, the resignations will be accepted. There was no objection.